

**VALLEY ENERGY, INC. -
PENNSYLVANIA DIVISION**

Rates and Rules
Governing and Furnishing of
Gas Service
in the

Boroughs of Athens, Sayre, South Waverly
and Towanda; and the Townships of Athens,
North Towanda, Towanda, Ulster and Wysox
all in the County of Bradford

**THIS TARIFF MAKES $\{\{\text{DECREASES}\}\}$ TO EXISTING RATES
See Page No. 2**

Issued: December 22, 2011

Effective: January 1, 2012

By: Robert J. Crocker, President & Chief Executive Officer
523 S. Keystone Ave.
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LIST OF CHANGES MADE BY THIS SUPPLEMENT

Page 81:

Supplement No. 26 sets the Company's State Tax Adjustment Surcharge ("STAS") at 0.0800% effective on January 1, 2012. This recalculation is necessary to refund a prior period overcollection and to reflect changes in the Capital Stock and Franchise Tax, Public Utility Realty Tax Assessment ("PURTA") and the PURTA surcharge established by the Department of Revenue.

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TABLE OF CONTENTS

	<u>PAGE</u>	
Title Page.....	Ninth Revised	(C)
List of Changes.....	2 Twenty-First Revised	(C)
.....	3 Eighth Revised	
.....	4, 5, 6 Second Revised	
Table of Contents.....	7 Twenty-First Revised	(C)
.....	8 Fourteenth Revised	
.....	9 Twentieth Revised	(C)
Definitions.....	10, 11 Fifth Revised	
.....	12, 13 Third Revised	
 General Rules:		
Rule 1 – Service.....	14 Fifth Revised	
A. General.....	14 Fifth Revised	
B. Requests for Service.....	14 Fifth Revised	
C. Third Party Supplier (TPS) Service.....	14 Fifth Revised	
D. Receipt and Use of Service.....	14 Fifth Revised	
E. Authority of Company Employees.....	14 Fifth Revised	
F. Service Amount and Capacity of Company Service Facilities.....	15 First Revised	
G. Duration of Service.....	15 First Revised	
H. Selection of Rate Schedules.....	15 First Revised	
I. No Waiver.....	15 First Revised	
Rule 2 – Natural Gas Shortage and Emergency Conditions.....	16 First Revised	
A. Priority of Service.....	16, 17, 18 First Revised	
B. Base Period Volumes.....	19 First Revised	
C. Gas Shortage Curtailment.....	19 First Revised	
1. Penalty Provision for Excess Takes.....	20, 21 Third Revised	
2. Disposition of Penalties.....	22 First Revised	
3. Emergency Curtailment.....	23 Third Revised	
Rule 3 – Limitation on Company Liability.....	24 First Revised	
A. Force Majeure.....	24 First Revised	
B. Limitation on Company Liability for Events Behind Delivery Point.....	24 First Revised	
C. Continuity of Service.....	24 First Revised	
Rule 4 – Equipment and Facilities.....	25 First Revised	
A. Right of Way; Meter Space; Ingress and Egress.....	25 First Revised	
B. Company's Service Pipe; Equipment.....	25 First Revised	
C. Connections to Customer's Service Extension.....	25 First Revised	
D. Customer's Installation.....	25 First Revised	
E. Notice of Trouble.....	26 Third Revised	
F. Regulation by Company.....	26 Third Revised	
G. Repairs for Customers.....	26 Third Revised	
H. New Service and Main Installation Policy.....	26 Third Revised	
1. Company's Service Pipe.....	26 Third Revised	
2. Service Alterations.....	26 Third Revised	
3. Meters and Regulators.....	26 Third Revised	

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General Rules (Continued):

I. Facilities Expansion Policy	27 Third Revised
1. Company Investment	27 Third Revised
2. Customer Investment	27 Third Revised
Rule 5 – Billing, Payment, and Deposits	28 Third Revised
A. Billing and Payment	28 Third Revised
.....	29 Fifth Revised
B. Deposits	30 Third Revised
C. Budget Billing	31 Third Revised
Rule 6 – Meters and Measurements of Service	32 First Revised
A. Point and Method of Measurement	32 First Revised
B. Separate Meter for Each Service	32 First Revised
C. Graphic Meters	32 First Revised
D. Interference with Company’s Property	32 First Revised
E. Meter Testing	32 First Revised
F. Determination of Demand	33 First Revised
Rule 7 – Suspension or Discontinuance of Service	34 Third Revised
A. Discontinuance by Customer	34 Third Revised
B. Shut-Down for Repairs	34 Third Revised
C. Company’s Right to Terminate Contract or Suspend Service	34 Third Revised
Rule 8 – Temporary, Short Term, Seasonal or Special Service	35 First Revised

Schedule of Rates:

Rate "C" – Commercial Rate	36 Fifth Revised
.....	37 First Revised
Rate "I" – Large Industrial Service – Firm	38 Third Revised
.....	39 First Revised
.....	40 First Revised
.....	41 First Revised
Rate "IS" – Industrial Interruptible Service	42 Third Revised
.....	43 Fifth Revised
.....	44 Fifth Revised
.....	45 First Revised
Rate "AFD" – Alternate Fuel Displacement Rate	46 Third Revised
.....	47 Third Revised
.....	48 Third Revised
Rate "SI" – Small Industrial	49 Fifth Revised
Rate "R" – Residential	50 Thirteenth Revised (C)
.....	51 Third Revised
[Reserved For Future Use]	52 Third Revised
Rate "ST" – Small Transportation Service	53 Fifth Revised
.....	54 Fifth Revised
Rate "T" – Transportation Service	55 Third Revised
.....	56 Third Revised
.....	57 Fourth Revised
.....	58 Third Revised
.....	59 Third Revised
.....	60 Third Revised

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Schedule of Rates (Continued):

Rate Schedule "SS" – Standby Service.....	61 Fourth Revised	
.....	62 First Revised	
Rate "TPS" – Third Party Suppliers Service.....	63 Third Revised	
.....	64 Third Revised	
.....	65 Third Revised	
.....	66 Third Revised	
.....	67 Third Revised	
.....	68 Fifth Revised	
.....	69 Fifth Revised	
.....	70 Third Revised	
.....	71 Third Revised	
.....	72 Third Revised	
.....	73 Third Revised	
.....	74 Third Revised	
.....	75 Third Revised	
.....	76 Third Revised	
.....	77 Third Revised	
Rider "A" – Gas Cost Rate	78 Eleventh Revised	
.....	79 First Revised	
.....	80 First Revised	
Rider "B" – State Tax Surcharge.....	81 Twelfth Revised	(C)
[Reserved for Future Use]	82 First Revised	
Rider "D" – Gas Cost Adjustment Charge	83 Eighth Revised	
Rider "E" – Customer Education Program Charge	84 First Revised	

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DEFINITIONS

ACT

The Pennsylvania legislation known as the "Natural Gas Customer Choice and Competition Act," codified at 66 Pa.C.S. § 2201-2211, revising Public Utility Code, 66 Pa.C.S.

APPLICANT

Any person, corporation or other entity that (i) desires to receive from the Company natural gas or any other service provided for in this Tariff at a specific location, (ii) complies completely with all Company requirements for obtaining natural gas or any other service provided for in this Tariff, (iii) has filed and is awaiting Company approval of its application for service, and (iv) is not yet actually receiving from the Company any service provided for in this Tariff at such location. An Applicant shall become a Customer for purposes of this Tariff only after it actually starts receiving the applicable service(s) from the Company under this Tariff. For residential accounts, Applicant includes a natural person that is not currently receiving service who applies for residential service or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested.

BURNER TIP

The point at which natural gas is used, such as a furnace, water heater or range.

Ccf

(C)

100 cubic feet of gas. This is a volume measure of gas usage.

CHAPTER 56

The PUC regulations that govern metering, billing and collections for residential gas and electricity service.

CITY GATE

The point where interstate pipelines deliver gas into the Company's facilities.

COMBINED BILLING

The aggregation of the billing determinants of two or more meters of the same Customer at the same location for billing purposes.

COMMISSION OR PUC

The Pennsylvania Public Utility Commission or any lawful successor thereto.

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DEFINITIONS (Continued)

COMPANY

VALLEY ENERGY, INC.

CUSTOMER

Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the ratepayer for any premises, building, structure, etc. or (iii) is primarily responsible for payment of bills. A Customer includes anyone taking Supplier of Last Resort Service and/or Distribution Service under this Tariff. For residential accounts, Customer includes a natural person in whose name the account is listed and any adult occupant whose name appears on the mortgage, deed or lease of the property.

CUSTOMER CHARGE

A monthly charge to cover such Company costs as maintaining the gas lines, meter reading and billing.

DISTRIBUTION CHARGES

Charges to recover the costs the Company incurs to provide the services necessary to deliver natural gas to a customer from the point of receipt into the Company's distribution system.

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A measure of the heat content value of gas equal to one million BTUs. Gas usage is determined by multiplying the Mcf used by the heat (BTU) content value of the gas per Mcf.

GAS COST ADJUSTMENT CHARGE

The amount billed or credited each month to account for differences between projected and actual gas supply costs of the Supplier of Last Resort.

Mcf

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

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DEFINITIONS (Continued)

NATURAL GAS SUPPLIER (NGS)

Any person, corporation or other entity that has received a license from the Commission determining that it is eligible and licensed to supply natural gas supply services to Customers in the Company's service territory under and pursuant to the Act and that has met the additional criteria established by the Company to permit it to provide natural gas supply service to Customers. (C)

SUPPLIER OF LAST RESORT

The Company or another entity that provides natural gas supply services to customers that do not elect another supplier or choose to be served by the supplier of last resort, customers that are refused service from an NGS, or customers whose NGS fails to deliver the required gas supplies. Currently the Company is the supplier of last resort for all residential, small commercial, small industrial, and essential human needs customers under the terms of this tariff. Each customer may only have one (1) supplier of last resort. (C)

GAS SUPPLY CHARGE

Charges by an NGS or Supplier of Last Resort to recover the cost of procuring natural gas and delivering it to the Company's facilities for redelivery to Customers.

SERVICE

The furnishing of service or the delivery of gas referred to in these Rules and Regulations and in contracts with Customers shall be construed to mean readiness and ability on the part of Company to maintain at the point of delivery a pressure sufficient to supply the Customer's requirements that at the time Company is obligated to supply, whether or not Customer makes any use thereof.

POINT OF DELIVERY

Point of Delivery is the point where Company's Service Pipe is connected to Customer's Service Connection.

SERVICE PIPE

The pipe extending from the street main to the curb line.

SERVICE EXTENSION

The portion of Customer's Installation to which Company connects its Service Pipe.

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DEFINITIONS (Continued)

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CONNECTED LOAD

Connected Load is the combined rated capacity of all of Customer's gas consuming devices.

DEMAND

Demand is the minimum amount of gas which Company is under contract to furnish to Customer and Customer is obliged to take and pay for, whether it is expressed in therms, cubic feet or any other unit of measurement. Initially it is the minimum amount specified in the application or contract or as shown by test.

CUSTOMER'S INSTALLATION

All pipes, fixtures, valves, shut-off cocks, appliances and apparatus of every kind and nature used in connection with or forming a part of an installation for utilizing gas for any purpose, ordinarily located on the Customer's side of Point of Delivery and including the Service Extension, whether such installation is owned outright by Customer or used by Customer under lease or otherwise.

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RULE 1—SERVICE

A. GENERAL

All service is subject to the general rules and regulations and rate schedules from time to time filed and posted by the Company in accordance with the Public Utility Law of the Commonwealth of Pennsylvania.

B. REQUESTS FOR SERVICE

All Applicants desiring any type of service from the Company under this Tariff shall contact the Company and specifically request the type and nature of service. A Non-Residential Applicant for service under this Tariff may be required to sign an application and/or a contract for natural gas service that will be binding only after acceptance in writing by a duly authorized representative of Company; however, the Company may, in its sole discretion accept an oral application from a Non-Residential Applicant. The Company shall accept an oral application from a Residential Applicant except that the Company may require a written application from a Residential Applicant if positive identification is necessary. A Residential Applicant may also be required to verify the identity of each adult occupant of the residential property, to establish creditworthiness and/or to pay a deposit in accordance with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service," and 66 Pa.C.S. Chapter 14, "Responsible Utility Customer Protection," and other Pennsylvania Public Utility Commission Orders.

C. NATURAL GAS SUPPLIER (NGS) SERVICE

(C)

Upon request, the Company will inform the Customer of the identity of those Natural Gas Suppliers offering retail service in its service territory and either provide a list of licensed suppliers or refer the Customer to the Commission for further information. In any circumstance where an application to the Company for any service under this Tariff involves or is related to an NGS, such application cannot and shall not be processed by the Company unless the Applicant and the Applicant's NGS provide the necessary information relating to service.

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D. RECEIPT AND USE OF SERVICE

Upon the receipt of natural gas service, the Applicant shall become a Customer of the Company. The acceptance or use of service may be deemed an application for such service and a contract to pay for it under said rules and regulations and applicable rate schedules. The use of service shall not be for any purpose or in any place other than stipulated in the contract. Nor shall the gas supplied by Company be resold without previous written notice to and the written consent of Company. Customer shall not use service in such manner as to cause disturbances on Company's distribution system.

E. AUTHORITY OF COMPANY EMPLOYEES

No promises of any employee of Company shall be binding unless made in writing over the signature of the duly authorized representative of the Company.

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RULE 1—SERVICE (cont'd)

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F. SERVICE AMOUNT AND CAPACITY OF COMPANY SERVICE FACILITIES

The service connections, regulators, meters and appliances have a definite limited capacity, and no addition to the equipment or load of Customer connected shall be made without the previous written consent of Company. The Customer shall inform the Company in advance of any proposed additions to (or decreases in) the Customer's connected natural gas load. A violation of this rule makes Customer liable for any damage resulting therefrom.

G. DURATION OF SERVICE

Service is for an initial period of one (1) year except as otherwise specifically provided in the applicable Rate Schedule(s) or if provided under Rule 8 (relating to Temporary, Short Term, Seasonal or Special Service).

H. SELECTION OF RATE SCHEDULES

1. Company will, after notice of service conditions, compute bills under the applicable rate most advantageous to the Customer.

2. A schedule is not applicable to any service where the total load that can be simultaneously connected to Company's service is less than the minimum specified in the schedule.

3. If through any cause a contract is entered into with Customer on a schedule not applicable to Customer's service, Company shall, on proof thereof, transfer Customer to the schedule applicable to the service furnished, so notify Customer in writing and render bill on basis of proper schedule for entire period of service given, and Customer shall then pay the difference due Company. Company shall thereupon offer Customer a new contract covering the unexpired period originally contracted for, but on proper schedule. If the amount due Company is not paid within ten days from presentation of bill or Customer fails to sign new contract, Company may disconnect service.

I. NO WAIVER

1. Any failure by Company at any time to resort to any remedy available to it shall not be deemed a waiver of such remedy as to any matter arising in the future.

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RULE 2—NATURAL GAS SHORTAGE AND EMERGENCY CONDITIONS

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During periods of stringency of gas supply, the Company may, in order to conserve the supply of gas for higher priority Customers where the elements of human welfare, safety and prevention of sickness predominate, curtail or discontinue service to those Customers of lower priority as stipulated in the curtailment plan set forth below. The Company may curtail or discontinue gas service in accordance with this plan without incurring, thereby, liability for any subsequent loss or damage that the Customer may sustain through such curtailment or discontinuance.

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A. PRIORITY OF SERVICE

The available gas supplies to the Company shall be allocated among its Customers in accordance with the priorities of use listed below. Customers in a higher priority will not be curtailed until all Customers falling into the lower classification have been completely curtailed; where only partial curtailment of any one classification is required, implementation shall be prorated, that is, weighted in accordance with the base allotments of the Customers within that classification. Following are the priority categories listed in descending order:

Category 1

- (a) Residential
- (b) Firm critical commercial essential human needs

Category 2

- (a) Firm small commercial requirements (of less than 3,000 Ccf on a peak day), excluding critical essential human need requirements in Category 1 (a) above.
- (b) Firm plant protection requirements of large commercial and/or industrial Customers (those whose normal requirements are in excess of 3,000 Ccf per day)

Category 3

Firm requirements of small industrial Customers (those whose normal requirements are under 3,000 Ccf per day).

Category 4

Firm critical requirements of large commercial and/or industrial Customers (those whose normal requirements are in excess of 3,000 Ccf per day), excluding firm critical commercial essential human needs requirements in Category 1 (a) above.

Category 5

Firm non-critical requirements, other than for boiler fuel use, of large commercial and/or industrial Customers (those whose requirements are in excess of 3,000 Ccf per day).

RULE 2—NATURAL GAS SHORTAGE AND EMERGENCY CONDITIONS (Continued)

(C)

Category 6

(C)

Firm non-critical, boiler fuel, requirements for large commercial and/or industrial Customers (those whose normal requirements are in excess of 3,000 Ccf per day).

Category 7

Contractually interruptible use.

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RULE 2—NATURAL GAS SHORTAGE AND EMERGENCY CONDITIONS (Continued)

(C)

The definitions for terms used in the priority of service categories are as follows:

1. Commercial Use: Gas usage by Customers engaged primarily in the sale of goods or services including, but not limited to, consumption by office buildings, institutions and governmental agencies. Commercial use shall not include use of gas for manufacturing or electric power generation.

2. Critical Uses: Gas usage where natural gas, propane or other gaseous fuel is the only feasible form of energy due to its combustion characteristics, controllability or chemical properties.

3. Essential Human Needs Use: Gas usage by Customers for service to any buildings where persons normally dwell including, but not limited to, apartment houses, residential dwellings, schools, day care centers, dormitories, hotels, hospitals and nursing homes as well as the use of natural gas by sewage plants.

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4. Firm Service: Service pursuant to schedules or contracts under which the Company is explicitly or implicitly obligated to deliver specific volumes within a given time period or which anticipate no interruptions, but which may permit unexpected interruptions in case service to higher priority Customers is threatened. The Company shall be deemed to be implicitly obligated to deliver specific volumes where it has by any means previously or presently established periodic allocations for its Customers.

5. Industrial Use: Gas usage by Customers engaged primarily in a process that creates or changes raw or unfinished materials into another form or product including the generation of electric power.

6. Interruptible Service: Service pursuant to schedules or contracts under which the Company explicitly or implicitly reserves the option to interrupt or curtail deliveries.

7. Non-Critical Use: Gas usage where natural gas, propane or other gaseous fuel is not the only feasible form of energy, i.e., where the user has alternate fuel capability.

8. Plant Protection Use: Minimum volumes of natural gas required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an alternative fuel. Plant protection requirements include volumes necessary for the protection of such material in process as would otherwise be destroyed, but does not include deliveries required to maintain production.

9. Residential Use: Gas usage in a residential dwelling or unit for space heating, air conditioning, cooking, water heating, or other domestic purposes.

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RULE 2—NATURAL GAS SHORTAGE AND EMERGENCY CONDITIONS (Continued)

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B. BASE PERIOD VOLUMES

To provide for the equitable allocation of gas available for firm Customers, a base period (10/1/72 to 9/30/73) was established in October 1974.

Following guidelines provided by the Federal Power Commission's special order docket CP73-115, the Company developed its existing curtailment plan. The Company's allocation from its supplier, as well as the base period volumes of its Customers are determined by the end use data, then submitted.

All rate I and SI industrial Customers were subsequently notified of their base period volumetric limitations.

The Company reserves the right to adjust base period and/or base period volumes, (1) to recognize abnormalities in plant operations during the base period as well as deletions or approved installations of equipment during or subsequent to the base period, (2) to include volumes of gas equivalent to volumes conserved during the base period when the Customer converted gas burning equipment to alternate fuel in anticipation of future curtailment and (3) to exclude volumes of gas consumed by equipment for facilities installed after January 1, 1970 without the approval of the Company as well as volumes consumed under temporary authorization.

C. GAS SHORTAGE CURTAILMENT

Base period volumes shall be used as the basis for determining each Customer's authorized entitlement in the event of curtailment. Authorized entitlement shall be determined by multiplying the Customer's base period volume for the priority to be curtailed by the ratio of the total gas available for that priority category to the total of all base period volumes of all Customers in that priority category.

When in the Company's judgment its supply of gas is insufficient to meet the base period volume requirements of all Customers on a continuing basis, or when continued delivery of gas to Customers would prevent the injection of gas into underground storage pools for the protection of winter supply, deliveries may be curtailed in accordance with the seven priorities of service outlined above,

Whenever any curtailment in Category 6 is in effect, all Customers in Categories 4 and 5, shall be limited to the lesser of their base period volumes or their authorized entitlement.

Maximum possible notice of a gas shortage curtailment or of a change in curtailment level shall be given. If such notice is by telephone, then it will be followed by a written notice to the Customer, specifying the Customer's curtailment percentage and resulting peak day, daily, monthly, seasonal or annual authorized entitlement as the case may be.

The Company may curtail or discontinue gas service in accordance with this rule without thereby incurring any liability for any loss or expense that may be sustained by the Customer.

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RULE 2—NATURAL GAS SHORTAGE AND EMERGENCY CONDITIONS (Continued)1. PENALTY PROVISION FOR OVERRUN VOLUMES (C)

The provision of this or any other penalty sections do not serve to reduce any charge, assessments or penalties otherwise payable or applicable under provisions of any effective rate schedule or contract.

Penalties shall be assessed on overrun volumes (a) in excess of 103% of the authorized entitlement when the period concerned is daily, monthly, or seasonal as described below and (b) in excess of 101% of the authorized entitlement when the period concerned is twelve months and the Company invokes an annual as well as a daily, monthly or seasonal penalty.

a. Winter Penalty Clause

If at the end of the five month period ending with the March billing period a Customer has exceeded the sum of its monthly authorized entitlement for such a period, that Customer shall pay on demand a penalty according to the following schedule:

<u>Actual Usage as Percentage of Total Monthly Authorized Entitlements</u>	<u>Penalty for Overrun Volumes</u>	(C)
Greater than 103% but not in excess of 110%	\$1/Ccf	
Greater than 110% but not in excess of 125%	\$2/Ccf	
Greater than 125%	\$5/Ccf	

There shall be excluded from the volumes subject to penalty under this provision, volumes for which the buyer has previously been penalized pursuant to overruns of emergency curtailment (See Section entitled "Emergency Curtailment").

b. Summer Penalty Clause

If at the end of the seven month period ending with the October billing month, a Customer has exceeded the sum of its monthly authorized entitlements for such period, that Customer shall pay on demand a penalty according to the following schedule:

<u>Actual Usage as Percentage of Total Monthly Authorized Entitlements</u>	<u>Penalty for Overrun Volumes</u>	(C)
Greater than 103% but not in excess of 110%	\$1/Ccf	
Greater than 110% but not in excess of 125%	\$2/Ccf	
Greater than 125%	\$3/Ccf	

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RULE 2—NATURAL GAS SHORTAGE AND EMERGENCY CONDITIONS (Continued)

Likewise, there shall be excluded from the volumes subject to penalty hereunder, volumes for which the buyer has previously been penalized pursuant to overruns of emergency curtailment.

c. Yearly Penalty Clause

If at the end of the twelve month period ending with the October billing month, a Customer has exceeded the sum of its monthly authorized entitlements for such twelve month period, that Customer shall pay on demand a penalty according to the following schedule:

<u>Actual Usage as Percentage of Total Authorized Entitlements</u>	<u>Penalty for Overrun Volumes Monthly</u>	(C)
Greater than 103% but not in excess of 110%	\$1/Ccf	
Greater than 110% but not in excess of 125%	\$3/Ccf	
Greater than 125%	\$5/Ccf	

There shall be excluded from the volume subject to penalty under this section, volumes for which the buyer has previously been penalized during such twelve-month period pursuant to winter or summer overruns or emergency curtailments.

d. Availability of Excess Gas

If in the Company's judgment, sufficient gas supply is available to permit deliveries in addition to the monthly authorized entitlement in any month, the Company will provide all buyers with as much advance notice as possible of the amount of such additional gas anticipated to be available. Such gas shall be apportioned by the Company to all Customers of the highest priority being curtailed on the basis of the total of the base period volumes for all buyers in that priority for that month.

To the extent that a Customer has exceeded the sum of its authorized entitlements for any period, penalties shall not be assessed for any excess volumes authorized pursuant to the provisions of this section.

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RULE 2—NATURAL GAS SHORTAGE AND EMERGENCY CONDITIONS (Continued)

(C)

2. DISPOSITION OF PENALTIES

As of December 31, of each year, the Company shall subtract the total of all overrun penalties paid that year to the Company's suppliers from penalties collected that year from Customers. The Company will then distribute among its curtailed Customers who did not incur overruns, all penalties collected in excess of those paid by the gas company to its suppliers.

To determine the amount of reimbursement due a Customer, the total amount to be redistributed shall be divided by the total volume of sales during the twelve-month period to all Customers eligible for reimbursement. This quotient shall represent the factor, which when multiplied by an eligible Customer's total purchase volume during the twelve month period will equal the amount to be credited to that Customer. However, no reimbursement shall be made to Customers who have terminated service during the year.

If the distributable amount is such that the smallest refund to any one Customer is less than one dollar (\$1.00), the Company shall retain and accumulate excess penalties for refund the following year.

RULE 2—NATURAL GAS SHORTAGE AND EMERGENCY CONDITIONS (Continued)**3. EMERGENCY CURTAILMENT**

When the Company is unable to fulfill the daily requirements of all its Customers because of reasons unrelated to long-range supplies, the Company may require each large commercial and industrial Customer to reduce its consumption of gas. The reduction required shall be determined by the Company without regard to priorities of use; however, the authorized volume shall not be lower than the minimum volume necessary for the prevention of damage to plant equipment.

The Company shall specify in the notice of the emergency curtailment, the authorized consumption for a specified period or until further notice. An emergency curtailment may be made after oral notice to the Customer, effective when so given, but such oral notice will be confirmed in writing within 48 hours.

If a Customer exceeds its authorized consumption during a period of emergency curtailment, then the Customer shall pay a penalty according to the following schedule:

<u>Actual Usage as Percentage of Total Authorized Entitlements</u>	<u>Penalty for Overrun Volumes Monthly</u>	(C)
Greater than 103% but not in excess of 110%	\$1.00/Ccf	
Greater than 110%	\$2.50/Ccf	

In periods of stringency of gas supply, the Company will maintain a register of new space heating loads for those not then being served by the Company, in order to assist the Company in forecasting future peak demands for its service, and in order to afford a basis of priority in supplying any additional space heating loads to existing, new or prospective premises. The Company shall give reasonable notice to the Customer of the existence of periods of stringency of gas supply through means of the newspapers, mails, radio, or other means deemed advisable and effective.

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RULE 3—LIMITATION ON COMPANY LIABILITY

(C)

A. FORCE MAJEURE

Neither Company nor Customer shall be liable in damages to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freezeups, temporary failure of gas supply, the binding order of any court of governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind enumerated, or otherwise, and whether caused or occasioned by or happening on account of the act or omission of one of the parties to the contract between Company and Customer or some person or concern not a party thereto, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Provided, however, that Customer shall remain liable for all minimum bill requirements or other payments specified in the applicable rate schedule or contract during any Force Majeure related to labor disturbances (e.g., strikes, lockouts) or other events resulting in a reduction in Customer's usage of natural gas.

(C)

B. LIMITATION ON COMPANY LIABILITY FOR EVENTS BEHIND DELIVERY POINT

Customer is warned of the risk of damage to property and the possibility of fire or personal injury resulting from improper piping and manner of attachment or use and maintenance of gas appliances, fixtures and apparatus, and is advised to allow no one except experienced and capable gas fitters to install or to make any changes, alteration, addition or repair to any part of Customer's installation. Customer assumes full responsibility for the gas upon Customer's premises at and from the point of delivery thereof, and for the apparatus, devices and appurtenances thereon used in connection with the service. Customer shall indemnify, save harmless and defend the Company against all claims, demands, cost or expense for loss, damage or injury to property in any manner directly or indirectly arising from, connected with, or growing out of the distribution and use of gas by Customer at or on the Customer's side of the point of delivery.

C. CONTINUITY OF SERVICE

Company will use reasonable diligence to preserve as nearly as possible the continuity of its service, but in the event of failure of service, in whole or in part, it shall not be subject to any liability, penalty or payment for or on account of any such failure, nor shall there be any reduction in the monthly billing period. In no event shall Company be liable for consequential damages.

(C)

RULE 4—EQUIPMENT AND FACILITIES

A. RIGHT OF WAY; METER SPACE; INGRESS AND EGRESS

(C)

Customers shall provide without charge a right-of-way acceptable to the Company for such pipes across property owned or controlled by Customer as in the judgment of Company are necessary to the furnishing of service. Customer shall also provide and maintain without charge, in convenient locations acceptable to Company, space for the accommodation of its meters, pressure regulators, meter hangers and other apparatus installed on the premises of Customer. Duly authorized representatives of Company shall, at all reasonable hours during the continuance of a contract for service and after its termination, have the right of ingress to and egress from the premises of Customer for any and all purposes connected with the service rendered there under, and for the exercise of any and all rights secured to Company thereby.

B. COMPANY'S SERVICE PIPE; EQUIPMENT

1. Company will install and maintain its pipes and equipment on its side of the point of delivery, but shall not be required to install or maintain any pipes, equipment or apparatus, unless specifically provided for in schedules, beyond that point, except that Company will furnish, install and maintain meters and meter hangers in every case and pressure regulators when required.

2. Company's ownership and responsibility terminates, except as to its meters, pressure regulators and meter hangers, at the point of delivery.

C. CONNECTIONS TO CUSTOMER'S SERVICE EXTENSION

The ordinary method of connection between Company's distribution system and Customer's service extension will be by service pipe direct from Company's main. If Customer desires to have connection made in any other manner, special arrangement may be made between Customer and Company by which the connection will be made and maintained at Customer's cost.

D. CUSTOMER'S INSTALLATION

1. Customer's service shall be installed in accordance with Company's instructions, and shall be subject to Company's inspection and approval. Company may refuse to make connections thereto or to continue service whenever in its judgment such installation is not in proper operating condition.

2. Until inspection of gas piping, appliances and apparatus if provided for by proper legal authority, Company reserves the right to require a certificate covering condition of any work done on Customer's installation from the person doing such work, or from the owner of the premises or from both. All subsequent installations or changes shall also be inspected and approved in advance of connection to Company's system.

(C)

3. Customer shall, if required by the Company, install check valves and any other necessary controls or safety devices of a type approved by Company, and shall from time to time adjust, renew or replace the same on the request of Company.

(C)

RULE 4—EQUIPMENT AND FACILITIES (Continued)

E. NOTICE OF TROUBLE

Customer shall give immediate notice at the office of Company of any escape of gas discovered. As a protection, no light should be permitted near such leak and, as an additional precaution, Customer should immediately shut off the gas at the service or meter cock. (C)

F. REGULATION BY COMPANY

Company is willing to assist Customer by advice as to the installation and maintenance of Customer's apparatus, may examine Customer's installation at any time, and may refuse to make connection or to commence or continue service whenever such service is not in proper operating condition. Representatives of Company, at all reasonable times, may regulate, or make suggestions concerning the Customer's installation without in any way rendering Company responsible for the control or operation of any such equipment.

G. REPAIRS FOR CUSTOMERS

Upon request, assistance will be given to minimum inconveniences or annoyances to Customer due to defects in Customer's installation. Company will in emergencies aid in making temporary repairs, but in each and every case, any advice, aid or assistance given gratuitously by Company shall be accepted by Customer without involving responsibility of any nature on the part of Company. Immediately after such emergency repairs have been made, Customer shall have a competent gas fitter make permanent repairs and should have Customer's installation inspected by an authorized inspector.

H. NEW SERVICE AND MAIN INSTALLATION POLICY

1. Company's Service Pipe. Where the Company has supply mains of adequate capacity adjacent to the premises to be served, it will install, own and maintain the service pipe extending from the street main to the meter in accordance with the provisions of Rule 4B.

2. Service Alterations. Changes in location of service pipe, or meter and connections, for the accommodation of the Customer, shall be at the expense of the Customer.

3. Meters And Regulators. The Company will provide, own and maintain any meter(s) or regulator(s) required in the supply of service.

(C) Indicates Change

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By: Robert J. Crocker, President & Chief Executive Officer
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RULE 4—EQUIPMENT AND FACILITIES (Continued)

I. FACILITIES EXPANSION POLICY

1. Company Investment. The Company will make a net capital investment in new or upgraded facilities based upon an investment allowance for each dollar of additional annual revenue as follows:

(a) Residential Customers shall receive (i) an investment allowance not to exceed \$6.00 per each additional dollar of annual revenue or (ii) up to the cost of 200 ft. of service and/or main extension.

(b) Commercial and Industrial Customers shall receive (i) an investment allowance not to exceed \$4.50 per additional dollar of annual revenue or (ii) up to the cost of 200 ft. of service and/or main extension.

Additional annual revenues shall be calculated at pricing of base rates in the gas tariff, but will exclude fuel cost component included in base rates, gas cost rate and state tax adjustment surcharges. Consumption estimates will be based upon individual design data.

The Company reserves the right to request an advance or guaranteed revenue contract for any construction expenditures when, in the Company's determination, the term of usage or the volume and associated revenue is speculative.

2. Customer Investment. The Customer shall be charged for costs exceeding the investment allowance in Company Investment, Section 1 above or may be required to furnish the Company an advance for construction in lieu of said payment. Customer contributions or advances may be refunded if, within five (5) years of the date of completion thereof, new loads are added to facilities supplying the Customer, or upon such other terms and conditions as agreed to by Company and Customer. Revenue and cost computations shall simulate that the original and new loads were installed at the same time. Refunds will be paid only to the Customer that provided the contribution or advance, and the original contribution or advance shall be the maximum refund. Any contribution in aid of construction (CIAC), Customer advance or other like amounts received from the Customer which shall constitute taxable income as defined by the Internal Revenue Service will have the income taxes segregated in a deferred account for inclusion in rate base in a future rate case proceeding. Such income taxes associated with a CIAC or Customer advance will not be charged to the specific contributor of the capital.

(C)
|
(C)

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(C)

(C) Indicates Change

RULE 5—BILLING, PAYMENT AND DEPOSITS

A. BILLING AND PAYMENT

1. Bills for service during the preceding period are rendered monthly or bimonthly at the option of Company. Bills are due when rendered, and shall be considered as received by Customer when left at, or mailed to, the place where service is rendered. A month (except where a calendar month is stated) is the period upon which Customer's monthly fixed charges and consumption are computed and bills rendered. It is usually approximately thirty days, not less than twenty-six days or more than thirty-five days.

2. When Company personnel are unable to gain access, or when extreme weather conditions, emergencies, equipment failures, work stoppages or any other circumstances prevent actual meter readings, Company will render appropriately marked estimated bills, which are to be paid in accordance with the provisions of this rule and the applicable schedule. Such bills are subject to revision in case the meter record of Customer's use, later secured discloses any material differences from the estimate.

3. Checks mailed, or payments rendered to any agent authorized to receive payments before midnight on the due date will be accepted as payments tendered within the period due and the United States postmark, showing the mailing of such checks before such hour, will be accepted as evidence that this requirement has been fulfilled. When the due date would normally fall on Sunday or a legal holiday, the next business day will be considered as the due date. Delay in the receipt or failure to receive bill will not extend the date payment is due. Bills for service rendered not paid in full by the due date will be penalized a late charge at a rate not to exceed one and one quarter percent per month on the overdue portion. Such interest rate, when annualized, shall not exceed 15 percent simple interest per annum. Late payment charges shall be applied to all charges when the Company is providing Gas Supply Service and to the Service Charge and Distribution Charges when the Customer has selected an NGS. (C)

4. Collection of bills for service rendered, not paid in full by the specified date will be pursued monthly for all residential accounts. (C)

(C) Indicates Change

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RULE 5—BILLING, PAYMENT AND DEPOSITS (Continued)

5. Company may disconnect service to any residential dwelling upon written notice to Customer in accordance with applicable law and Commission Regulations for any one of the following reasons: (a) non-payment of an undisputed delinquent account (b) failure to post a deposit, provide a guarantee or establish credit (c) unreasonable refusal to permit access to meters, service connections, and other property of the utility for the purpose of maintenance, repair, or meter reading (d) unauthorized interference with or diversion or use of the utility service delivered on or about the affected dwelling (e) failure to comply with the material terms of a settlement or amortization agreement (f) fraud or material misrepresentation of identity for the purpose of obtaining utility service (g) tampering with meters or other utility service or (h) violating any Company tariff provisions so as to endanger the safety of any person or the integrity of Company's gas delivery system. No termination notice will include NGS charges even if the Company purchases accounts receivable from the NGS. When a Customer is so disconnected, service will be reconnected only upon payment of (a) the amount due or after making satisfactory arrangements for the payment of such amount; plus (b) interest as authorized under 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service," and 66 Pa.C.S. Chapter 14, "Responsible Utility Customer Protection," and other Pennsylvania Public Utility Commission Orders; plus (c) the expense incurred in disconnecting and reconnecting the service as set forth in Rule 7 Subsection C. The Company shall not condition restoration of service on the payment of NGS charges. (C)

6. Company may disconnect upon written notice to Commercial and Industrial Customers in accordance with applicable law and Commission Regulations, if any bill is not paid within thirty days from presentation thereof. No termination notice will include NGS charges even if the Company purchases accounts receivable from the NGS. When a Customer is so disconnected, service will be reconnected only upon payment of the total bill plus the expense incurred in disconnecting and reconnecting the service. The Company shall not condition restoration of service on the payment of NGS charges. (C)

7. In the case of bills for service to the United States of America, or the Commonwealth of Pennsylvania, or any of their agencies, the due date for payment shall be taken to be thirty days after the bill transmittal date. (C)

(C) Indicates Change

RULE 5—BILLING, PAYMENT AND DEPOSITS (Continued)

B. DEPOSITS

1. The Company may require deposits or guarantees of satisfaction to the Company from Customers or Applicants to secure the payments of bills. The specific requirement for deposits for Customers or Applicants is available for inspection at all business offices of the Company. Deposits required from Customers or Applicants taking service less than thirty days shall equal the estimated bill for such temporary period. Deposits received from all other Customers or Applicants shall equal one sixth of the estimated annual bill for the dwelling or a similar structure. (C)

2. The Company may require a deposit from existing Customers or Applicants if (a) the Customer has been delinquent in the payment of any two consecutive bills or three or more bills within the preceding 12 months, or (b) as a condition to reconnect service at the same or a different service location following termination for any of the reasons specified in Rule 5, Subsection A.5, or (c) if the Company has applied a portion of the existing deposit to a bill for the account to avoid termination, or (d) when a Customer fails to comply with a material term or condition of a settlement or amortization agreement, or (e) if an Applicant or Customer is otherwise unable to establish credit worthiness in accordance with generally accepted standards. (C)

3. Deposits from a residential ratepayer shall conform to the requirements of Chapter 56 of the Commission's rules and Chapter 14 of the Public Utility Code. Deposits secured from a residential Customer will be refunded to the depositor when (a) the depositor substitutes a third party guarantee, or (b) when the Customer has paid bills for service for twelve consecutive months without termination and without paying these bills subsequent to the due date, or (c) after 24 months. The Company may, at its option, refund any deposit earlier than as specified herein. (C)

4. The Company or the depositor may have the amount of the deposit adjusted when there is a significant change in consumption that will significantly change the amount of deposit as computed in Deposits, Section 1.

5. Interest on the deposit at the rate specified at 66 Pa. C.S. § 1404(c)(6) will be paid, or credited, annually to the residential ratepayer, and interest at the rate of 6 percent per annum will be allowed on all commercial and industrial deposits, without deduction for any taxes thereon. (C)

6. On all contracts under which the Customer pays the cost of material, labor and supplies used by Company in installing and removing the necessary pipes and equipment to furnish service, Company will require payment of deposit upon the signing of the contract or before the Company furnishes the labor or materials. Such deposits will be held in full by Company until final settlement by Customer of such cost.

(C) Indicates Change

RULE 5—BILLING, PAYMENT AND DEPOSITS (Continued)

C. BUDGET BILLING

All Customers served under rate schedules "R" and "C" are eligible for the budget payment plan based on their past 12 months gas bills, adjusted for projected gas costs as determined by the Company or if none exists based on estimates made by the Company applied to current and projected rates. The Company will establish a percentage adjustment to be applied to the budget payment amount based on a comparison of the rate(s) with and without the Company's Gas Supply Service. The adjustment percentage will be applied to reduce the payment, in the case of a Customer's switching to an NGS, or increase the payment, in the case of a Customer switching back to the Company for Gas Supply Service. The Company reserves the right to make adjustments for Customers switching back to its service for periods having less than 12 months preceding its annual budget payment true up month and in cases where this is done will reset the payment based on 12 months during the true up month.

(C)

(C) Indicates Change

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By: Robert J. Crocker, President & Chief Executive Officer
523 S. Keystone Ave.
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RULE 6—METERS AND MEASUREMENT OF SERVICE

(C)

A. POINT AND METHOD OF MEASUREMENT

Gas supplied shall be measured by meters installed and maintained by Company at its expense and located at the point where the service extension enters the building or at the nearest suitable and available point designated by Company.

B. SEPARATE METER FOR EACH SERVICE

1. Unless it is specified to the contrary in the schedule, each schedule applies to service supplied through one meter to one Customer at one premise. Where Company is unable to provide a satisfactory single meter for large installations requiring a meter capacity in excess of 3400 cubic feet per hour the combination of meters installed by Company shall be considered as one meter.

(C)

2. When two or more meters are to be installed on one premise, such as an office building or an apartment house, they shall be grouped at one common place accessible for reading and testing. In cases where it is not possible to group meters at one convenient and accessible place, they shall be located as directed by Company's proper representative. In such an installation each riser shall bear a tag showing the apartment or suite to be served thereby.

C. GRAPHIC METERS

In all cases where the character of service rendered requires graphic meters, Customers shall, when requested by Company, provide attendants to care for and change, as required, Company's meter charts.

(C)

D. INTERFERENCE WITH COMPANY'S PROPERTY

Customers shall not interfere with or alter or permit interference with or alteration of Company's meters or other property, except by Company's representatives. In the event of any loss or damage to the property of Company caused by or arising from carelessness, neglect or misuse by Customer or other unauthorized parties, the cost of the necessary replacement or repair shall be paid by Customer.

(C)

(C)

(C)

E. METER TESTING

The testing and adjustment of meters, the charges therefore, and all allowances due to any inaccuracy thereof shall be determined in accordance with the provisions of the Public Utility Law, any amendments thereto and any rules or regulations of the Pennsylvania Public Utility Commission there under.

(C) Indicates Change

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RULE 6—METERS AND MEASUREMENT OF SERVICE (Continued)

(C)

F. DETERMINATION OF DEMAND

1. Unless it is specified to the contrary in the schedule, whenever Customer's demand exceeds the quantity specified in the application for service or in the contract, such demand shall at the option of Company constitute the demand for the current and succeeding eleven months, until exceeded, and each successive increase shall in like manner determine the demand for an equal period. Company may, at its option, disregard abnormal peaks in determining Customer's demand. During any period required for the development of Customer's load to meet the operating conditions specified by the contract (but not more than six months from the date Company is ready to supply service under the contract), Company may base its bills for service on actual demand and consumption during the current month only. Company must put in writing the limits of the period. In such cases, the term of the contract shall be deemed extended for an equal period.

(C)

(C)
(C)

2. In all schedules where the charges are based in part or as a whole on a connected load expressed in therms, cubic feet or any other unit of measurement, the connected load may be determined by inspection of Customer's installations made annually, or at such other periods as Company may deem necessary. The Company may estimate the connected load of any Customer who shall not permit Company's representative to make the inspection as herein provided.

(C)

(C)

3. Unless it is specified to the contrary in the schedule, where the rate is based in part or as whole on a demand expressed in therms, cubic feet or any other unit of measurement, a fractional part thereof shall be taken as a whole, in the determination of the monthly charge, made only when such fraction is equal to one-half or more; otherwise, the fraction shall be disregarded, provided that in no case will the monthly charge be based upon less than one such unit.

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By: Robert J. Crocker, President & Chief Executive Officer
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RULE 7—SUSPENSION OR DISCONTINUANCE OF SERVICE

A. DISCONTINUANCE BY CUSTOMER

1. All residential Customers shall give at least seven days notice to Company and to any occupant specifying the date service is to be discontinued. In the absence of such notice, the ratepayer shall be responsible for all services rendered. The ratepayer also shall be responsible for bills, if the residence is either multi-family or other than the ratepayer's residence and the ratepayer has not stated in writing on the appropriate form provided by Company that the premises are unoccupied. If the premises are occupied, and the ratepayer is terminating service, then Company requires written consent from the occupants to the disconnection of service.

2. Discontinuance of service for Non-Residential Customers shall be in accordance with the terms of the contract and/or applicable Rate Schedule.

B. SHUT-DOWN FOR REPAIRS

For the purpose of making necessary repairs upon the mains or other parts of its system, Company may suspend service for such period in such manner as in its judgment be necessary, but Customer shall be given at least three hours advance notice of any such suspension, except in cases of emergency where such notice is impracticable.

C. COMPANY'S RIGHT TO TERMINATE CONTRACT OR SUSPEND SERVICE

Company may disconnect service and remove its meter and other property from the premises of Customer upon any violation by the latter of any of these rules and regulations or of any of the terms and conditions of the contract between Company and Customer and in accordance with the Rules and Regulations of the Pennsylvania Public Utility Commission and Chapter 14 of the Public Utility Code, 66 Pa.C.S. Chapter 14. In the event of such disconnection, service will not be reconnected until the expense of disconnecting and reconnection is paid. The usual charge of making a disconnection and reconnection shall be twenty-five dollars (\$25.00) if the reconnection is made during normal working hours, otherwise the charge will be thirty dollars (\$30.00), and shall be due upon reconnection of service.

(C)

(C)

(C)

(C) Indicates Change

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RULE 8—TEMPORARY, SHORT TERM, SEASONAL OR SPECIAL SERVICE

(C)

1. Temporary, short term or special service will be supplied only under the terms of schedules covering such service and when Company has capacity and equipment available for the service desired. Company may, however, at its option, supply service for periods of less than one year under any standard schedule for purposes of tests and as an aid in securing business.

2. Seasonal service for annually recurring periods of less than one year and for which no specific schedule is provided will be supplied under the general service schedule plus a charge covering all costs of connection and disconnection. Unless it is specified to the contrary in the schedule the minimum charge for making a disconnection and reconnection shall be twenty-five dollars (\$25.00) if the reconnection is during normal working hours, otherwise the charge will be thirty dollars (\$30.00).

(I)
(I)

3. Unless it is specified to the contrary in the schedule, the schedules contained in this tariff do not apply to standby and/or breakdown service and no other source of supply of gas shall be introduced or used by Customer in conjunction with Company's service without the written consent of Company.

4. Where gas service is requested by any applicant for standby or supplemental purposes, such as but not limited to gas for electric power generation in the event of failure of the normal electric power supply, and where the business in prospect does not warrant the expenditure required to render service, the Company will determine, from the circumstances of each case, what guarantees of revenue, or what financing shall be required of the Customer.

5. Customer contracting for service for not more than one year and discontinuing the use thereof before the expiration of such contract shall pay for the service already received at the rates provided in the short term schedule applicable thereto. The final bill shall be an amount equal to the sum of the monthly bills based on the short term schedule less the sum of the payments already made by the Customer.

(C)

(C) Indicates Change

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RATE "C" - COMMERCIAL RATE

(C)

AVAILABILITY

This rate is applicable to natural and manufactured gas service for all commercial purposes. Service will be supplied only where the Company's facilities and available quantity of gas are suitable to the service desired.

MONTHLY DISTRIBUTION RATE

Customer charge per month	\$18.00	(I)
All gas purchased per month	\$0.20116 per Ccf	(I)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff. (C)
(C)

GAS COST ADJUSTMENT

Any customer receiving service under this classification who has contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will be subject to the provisions of the Gas Cost Adjustment Charge, Rider "D". (C)
(C)

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

MONTHLY MINIMUM CHARGE

The minimum monthly charge is \$18.00. (I)

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month of the intervening period.

The minimum charge provision in this Rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used.

NET PAYMENT PERIOD

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of this bill and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

(C) Indicates Change

(I) Indicates Increase

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RATE C - COMMERCIAL RATE (Continued)

CONTRACT TERM

Not less than twelve (12) months.

GENERAL

The Tariff of which this rate is a part includes certain terms and conditions of service. Service hereunder is subject to these terms and conditions.

RATE "I" - LARGE INDUSTRIAL SERVICE - FIRM

(C)

AVAILABILITY

This Industrial Gas Service Rate is an optional rate, covering the furnishing of "Firm" gas service. Available to any Industrial customer located immediately adjacent to Company's existing distribution lines, and where Company's facilities and the available quantity of gas are adequate and suitable for Customer's requirements. Service under this rate shall be furnished only under a special negotiated contract. Available to any Industrial Customer using 10,000 Ccf or more per day.

CHARACTER OF SERVICE

The service furnished by Company shall be natural gas having a heat content of approximately 1,000 Btu per cu. ft. The gas service pressure shall be adequate to operate the various commercial and industrial appliances, space heating and other equipment whose capacity and operating characteristics conform to Company standards.

(C)
(C)**DISTRIBUTION RATE PER SERVICE PER MONTH**

(C)

The total maximum monthly base distribution rate shall be the sum of the following demand (1) and commodity (2) charges applied to the monthly billing demand and the total quantity of gas used in Ccf (100 cu. ft.), and as referred to elsewhere in this rate:

(C)

(1) **Demand Charges Per Month**

First 1,000 Mcf of billing demand	@ \$1.149023 per Mcf
Each additional Mcf of billing demand	@ \$0.596273 per Mcf

(2) **Commodity Charges per Month**

First 80,000 Ccf of gas used per month	@ \$0.104664 per Ccf
Next 140,000 Ccf of gas used per month	@ \$0.064289 per Ccf
Over 220,000 Ccf of gas used per month	@ \$0.042116 per Ccf

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service at a rate negotiated between Company and Customer, which shall not be less than the cost for Company to obtain such supplies and transportation of the same to the Company's system.

(C)
(C)**GAS COST ADJUSTMENT**

Any customer receiving service under this classification who has contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will be subject to the provisions of the Gas Cost Adjustment Charge, Rider "D".

(C)
(C)

(C) Indicates Change

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RATE I - LARGE INDUSTRIAL SERVICE — FIRM (Continued)

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B". (C)

AUTOMATIC METER READING EQUIPMENT

In order to utilize this service, automatic meter reading equipment is required. Customer shall pay for all costs incurred by the Company to install automatic meter reading equipment as required by the Company and provide access for such equipment. The cost of installing automatic meter reading equipment plus all costs associated with dedicated telephone lines and telemetering equipment shall be at the expense of the Customer. The cost may be paid by Customer over a two (2) year or some lesser period by means of a monthly surcharge designed to recover the cost of the equipment plus interest equal to the Company's overall rate of return as authorized from time to time by the Pennsylvania Public Utility Commission. All maintenance performed by the Company at the request of the Customer on automatic meter reading equipment will be paid by the Customer. Such charges shall also include battery costs, when a battery must be replaced. The meter and associated telemetering equipment shall be the property of the Company.

MONTHLY MINIMUM CHARGE

Unless another methodology or charge is specified in the Customer's contract, the monthly minimum charge under this rate shall be the highest demand charge established during the twelve month period ending with the billing month under consideration, but not less than \$2,067.37. (C)
(I)

RATE I - LARGE INDUSTRIAL SERVICE - FIRM (Continued)

BILLING DEMAND

Unless otherwise specified in Customer's contract, the billing demand for each Point of Delivery shall be equal to the greatest number of Mcf delivered by Company to Customer in any one day at said Point of Delivery during the twelve month period ending with the last day of the month for which the monthly bill is being rendered.

(C)

(C)

TERMS OF PAYMENT

Bills shall be rendered monthly, and are due and payable within fifteen (15) days of date of same, and if so paid the foregoing net rates apply. If all outstanding accounts are not so paid, the gross rates shall be applicable which are five percent (5%) higher than the above net rates for the first fifty (\$50.00) dollars of the net billing plus two percent (2%) higher on all net billing in excess of fifty (\$50.00) dollars.

RATE I - LARGE INDUSTRIAL SERVICE - FIRM (Continued)

MEASUREMENT OF GAS

1. The sales unit of the gas delivered hereunder shall be in 100 cu. ft. (Ccf).
2. The unit of measurement shall be that quantity of gas which will occupy one cubic foot at a pressure base of 14.73 pounds per square inch absolute at temperature base of 60 degrees F., and without adjustment for water vapor content.
3. The average absolute atmospheric pressure shall be assumed to be 14.4 pounds to the square inch, irrespective of actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.
4. To determine the volume of gas delivered, the true physical characteristics of the gas supplied and furnished hereunder which affect computations as quantity of gas delivered shall be taken into consideration. In addition, factors such as those required for pressure, temperature, specific gravity and deviation from Boyle's Law, shall be applied.

CONTRACT PERIOD

Service will be established for an initial period of not less than twelve months.

RATE "IS" - INDUSTRIAL INTERRUPTIBLE SERVICE

(C)

AVAILABILITY

This rate is available to any Customer located along Company's distribution lines where Company's facilities and capacity are adequate to supply Customer's requirements as set forth by written contract.

Gas shall be delivered hereunder at a single point of metering, and shall not be resold.

This rate is available only on a twelve months' year-around contract basis, and where Customer's gas consuming capacity is at least 20 Mcf in any twenty-four (24) hour period.

(C)

This rate is not available or applicable for gas service that would replace any "Firm" service covered by another contract with Customer.

Service will be furnished only where Customer has installed alternate fuel burning equipment that can be placed in operation within two hours after notification has been given by Company that gas service will be interrupted. Service under this rate will be furnished in accordance with the following stipulations and also in accordance with the Company's general rules, terms and conditions or subsequent revisions thereof on file with the Public Utility Commission of Pennsylvania, which general rules or subsequent revisions thereof are a part of this rate as if written herein.

CHARACTER OF SERVICE

The service furnished by Company shall be natural gas having a heat content of approximately 1,000 Btu per cu. ft. The gas service pressure shall be adequate to operate the various commercial and industrial appliances, space heating and other equipment whose capacity and operating characteristics conform to Company standards.

(C)

(C)

INTERRUPTIBILITY OF SERVICE

Gas service covered by this rate shall be subject to interruption or discontinuance by Company whenever, as determined by Company, an inadequate supply of gas is available to service Company's "Firm" gas customers, or whenever it is necessary to limit or control Company's system peak demands. In the event that an inadequate supply of gas exists and/or it is necessary to limit Company's system peak gas demands, a service will be interrupted and discontinued by Company as long as such conditions exist, or volume available to Customer will be allocated to Customer by Company.

(C) Indicates Change

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By: Robert J. Crocker, President & Chief Executive Officer
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RATE "IS" – INDUSTRIAL INTERRUPTIBLE SERVICE (Continued)

(C)

INTERRUPTIBILITY OF SERVICE (Continued)

Company will endeavor to give Customer at least two hours advance notice of the time that gas service will be discontinued, or allocation will be increased or decreased. As soon as Company's supply and peak load conditions permit, Company will advise Customer promptly as to when service will be reestablished, or a change in allocation will be made.

Any volume of natural gas taken by Customer under this rate schedule in excess of the daily quantity limited by curtailment or interruption, or allocated by Company's authorized representative shall constitute unauthorized overrun volume.

When the unauthorized overrun volume on any day exceeds the quantity limited by curtailment, or interruption, or allocated to Customer, the Customer shall pay for such unauthorized overrun volume at a rate of five dollars (\$5.00) per Ccf in addition to the charges otherwise payable by Customer under this rate schedule. However, the Company shall have the right, without obligation, to waive any payment for unauthorized overrun volume if on the day the overrun was incurred deliveries to Company from its supplier did not exceed Company's then established daily maximum demand volume.

DISTRIBUTION RATE PER MONTH

(C)

Customer charge per month	\$67.00	(I)
Per 100 cu. ft. (Ccf) for all gas billed	\$0.06402 per Ccf	(I)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff. (C) (C)

GAS COST ADJUSTMENT

Any customer receiving service under this classification who has contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will be subject to the provisions of the Gas Cost Adjustment Charge, Rider "D". (C) (C)

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

(C) Indicates Change

(I) Indicates Increase

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RATE "IS" - INDUSTRIAL INTERRUPTIBLE SERVICE (Continued)

(C)

AUTOMATIC METER READING EQUIPMENT

In order to utilize this service, automatic meter reading equipment is required. Customer shall pay for all costs incurred by the Company to install automatic meter reading equipment as required by the Company and provide access for such equipment. The cost of installing automatic meter reading equipment plus all costs associated with dedicated telephone lines and telemetering equipment shall be at the expense of the Customer. The cost may be paid by Customer over a two (2) year or some lesser period by means of a monthly surcharge designed to recover the cost of the equipment plus interest equal to the Company's overall rate of return as authorized from time to time by the Pennsylvania Public Utility Commission. All maintenance performed by the Company at the request of the Customer on automatic meter reading equipment will be paid by the Customer. Such charges shall also include battery costs, when a battery must be replaced. The meter and associated telemetering equipment shall be the property of the Company.

MONTHLY MINIMUM CHARGE

The monthly minimum charge under this rate shall be \$67.00.

(I)

The monthly minimum charge for any month that the Company requires that service be interrupted shall be prorated in proportion to the number of days in which service was interrupted, as related to thirty (30) days.

(C) Indicates Change

(I) Indicates Increase

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RATE IS - INDUSTRIAL INTERRUPTIBLE SERVICE (Continued)

MEASUREMENT OF GAS

1. The sales unit of the gas delivered hereunder shall be in 100 cu. ft. (Ccf).
2. The unit of measurement shall be that quantity of gas which will occupy one cubic foot at a pressure base of 14.73 pounds per square inch absolute at temperature base of 60 degrees F., and without adjustment for water vapor content.
3. The average absolute atmospheric pressure shall be assumed to be 14.4 pounds to the square inch, irrespective of actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.
4. To determine the volume of gas delivered, the true physical characteristics of the gas supplied and furnished hereunder which affect computations as quantity of gas delivered shall be taken into consideration. In addition, factors such as those required for pressure, temperature, specific gravity and deviation from Boyle's Law shall be applied.

TERMS OF PAYMENT

Bills shall be rendered monthly and are due and payable within fifteen (15) days of date of same, and if so paid the foregoing net rates apply. If all outstanding accounts are not so paid, the gross rates shall be applicable which are five percent (5%) higher than the above net rates for the first fifty (\$50.00) dollars of the net billing, plus two percent (2%) higher on all net billing in excess of fifty (\$50.00) dollars.

CONTRACT PERIOD

Service will be established for an initial period of not less than twelve months.

RATE SCHEDULE "AFD" – ALTERNATE FUEL DISPLACEMENT RATE

(C)

AVAILABILITY

This rate will be made available to any Commercial and Industrial customer with the installed capability for alternate fuel usage. Service under this rate schedule shall be furnished only under a special temporary contract and will be made available whenever the Company, in its sole discretion, determines sufficient natural gas supplies (for sales service) or capacity on its distribution system (for transportation service) are available to enable the Company to provide service under this Schedule.

(C)

DEFINITION

Alternate Fuel: For the purposes of this Schedule, alternate fuel means any fuel other than natural gas.

SPECIAL PROVISIONS

1. Prior to the commencement of service under this Schedule the Customer must file, with the Company, an affidavit (in a form prescribed by the Company) stating that the Customer has the installed capability and necessary authorization to use an alternate fuel. The Company shall perform an inspection of the Customer's facilities in order to verify the accuracy of the information contained in the affidavit.

2. Five (5) business days prior to the first (1st) business day of the succeeding calendar month the Customer shall provide an affidavit which sets forth the following:

(a) The price at which the Customer can purchase alternate fuel for the following calendar month.

(b) A statement that the Customer will switch to its alternate fuel unless natural gas service can be provided at a competitive price.

A written price quotation shall be attached to the filed affidavit. If such written price quotation cannot be obtained, a sworn statement must be attached describing, in full, the alternate fuel price including delivery costs and the source of the alternate fuel.

3. Where separate metering is not installed the Customer shall file an acceptable procedure for estimating the volume of gas used in the equipment having alternate fuel burning capability, and shall submit a statement on or before the fifth (5th) business day of each calendar month setting forth the volume of natural gas used in place of alternate fuel during the preceding month.

4. All volumes used in addition to those purchased in lieu of an alternate fuel will be billed under the Customer's existing rate schedule.

(C) Indicates Change

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RATE SCHEDULE "AFD" – ALTERNATE FUEL DISPLACEMENT RATE (Continued)

(C)

SPECIAL PROVISIONS (Continued)

5. Volumes of natural gas consumed under this Schedule shall be treated as if delivered under the Customer's regular rate schedule for the purposes of determining curtailment, overrun penalties, and minimum charges.

6. Service under this Schedule is temporary and may be discontinued by either party upon thirty (30) days written notice.

MONTHLY RATE

The net monthly rate to be charged for gas sales or transportation service under this rate schedule may vary according to the agreement of the Company and the Customer, but such rate shall not exceed the rate charged under the Customer's regular rate schedule nor shall such rate be less than:

Sales Service

1. The average commodity rate for gas purchased during the month under the Company's regular contract demand rate schedules with its suppliers. Where gas is purchased under a special rate offered by its suppliers to prevent load loss this special rate shall be considered the commodity rate for sales under this rate schedule. The rate determined herein shall be adjusted for gas lost, unaccounted for and used in the Company's operations during the twelve months ending August.

2. The equivalent rate for alternate fuel available to the customer including transportation and handling costs.

Transportation Service

1. Rates to be determined on a net back basis utilizing the estimated delivered cost of natural gas and the estimated delivered cost of the Customer's alternative fuel. The rates will be segmented for alternate fuel and estimated volumes.

2. The transportation rate will represent the difference between the estimated city gate delivered price and the Customer's alternate fuel delivered price. The transportation rate cannot be set below zero.

(C)

The Customer's monthly affidavit as submitted in accordance with the special provisions of this rate schedule, the Energy Users News, the Oil Daily, and any other sources the Company determines appropriate will be used to assist the Company in determining the validity of the monthly alternate fuel price.

(C) Indicates Change

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RATE SCHEDULE "AFD" – ALTERNATE FUEL DISPLACEMENT RATE (Continued)

(C)

TERMS OF PAYMENT

The Company will notify the Customer prior to the first day of the billing month of the rate to be charged for gas consumed during that month under this rate schedule. All other Rules and Regulations of this tariff are a part of this rate schedule.

REPORTING REQUIREMENTS

If a Customer(s) purchases services on this Schedule, then the Company will file a report with the Pennsylvania Public Utility Commission each month.

OTHER RATE PROVISIONS

This Schedule is subject to adjustment applications of State Tax Surcharge, Rider "B".

(C)
|
(C)

(C) Indicates Change

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By: Robert J. Crocker, President & Chief Executive Officer
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RATE "SI" – SMALL INDUSTRIAL

(C)

AVAILABILITY

Available to any Industrial customer using less than 1,000 Mcf per day.

CHARACTER OF SERVICE

Continuous natural gas of 1,000 or more Btu per cubic foot. Normal pressure not more than 9" nor less than 4" water column.

MONTHLY DISTRIBUTION RATE

(C)

Customer charge per month	\$67.00	(I)
All gas purchased per month	\$0.13768 per Ccf	(I)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff. (C)
(C)

GAS COST ADJUSTMENT

Any customer receiving service under this classification who has contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will be subject to the provisions of the Gas Cost Adjustment Charge, Rider "D". (C)
(C)

OTHER RATE PROVISIONS

This Schedule is subject to adjustment application of State Tax Surcharge, Rider "B".

MONTHLY MINIMUM CHARGE

The net minimum monthly charge is \$67.00. (I)

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month of the intervening period.

The minimum charge provision in this rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used.

(C) Indicates Change

(I) Indicates Increase

Issued: December 2, 2010

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By: Robert J. Crocker, President & Chief Executive Officer
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RATE "R" - RESIDENTIAL RATE

AVAILABILITY

Available to any residential customer using gas for any purpose.

CHARACTER OF SERVICE

Continuous natural gas 1,000 or more Btu per cubic foot. Normal pressure not more than 9" nor less than 4" water column.

MONTHLY DISTRIBUTION RATE

Customer charge per month	\$10.50
All gas purchased per month	\$0.25628 per Ccf

GAS SUPPLY SERVICE

Any Customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff. The total gas cost rate is \$0.69370 per Ccf.

(I)

GAS COST ADJUSTMENT

Any Customer receiving service under this classification who has contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will be subject to the provisions of the Gas Cost Adjustment Charge, Rider "D".

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of State Tax Surcharge, Rider "B".

MONTHLY MINIMUM CHARGE

The net minimum monthly charge is \$10.50.

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month of the intervening period.

The minimum charge provision in this rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used.

NET PAYMENT PERIOD

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of the bill and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

(I) Indicates Increase

Issued: July 29, 2011

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By: Robert J. Crocker, President & Chief Executive Officer
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RATE "R" - RESIDENTIAL RATE (Continued)

(C)

TERM

Not less than twelve (12) months. Customer may request discontinuance on 7 days written notice subject to the minimum charges provided for above.

(C)

GENERAL

The Tariff of which this rate is a part includes certain terms and conditions of service. Service hereunder is subject to these terms and conditions.

(C) Indicates Change

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By: Robert J. Crocker, President & Chief Executive Officer
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(C)

[RESERVED FOR FUTURE USE]

(C)

(C) Indicates Change

Issued: November 30, 2007

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By: Robert J. Crocker, President & Chief Executive Officer
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RATE SCHEDULE "ST" – SMALL TRANSPORTATION SERVICE

(C)

AVAILABILITY

This service is available to any customer(s) eligible for service under the schedule of Rates of Gas-Pa. P.U.C. No. 2, Rate Schedule R, Rate Schedule C or Rate Schedule SI (below 5,000 Mcf annual volumes). Customers on Rate Schedule SI may be required to switch from Rate Schedule ST to Rate Schedule T if their usage patterns change and the Company determines, in its reasonable judgment, that the revised usage characteristics will cause the Customer to exceed 5,000 Mcf in annual volumes.

CHARACTER AND CONDITIONS OF SERVICE

1. Service under this rate schedule shall consist of delivery to Customer of a daily quantity of gas received by the Company from a Natural Gas Supplier (NGS).
2. The Company shall not be required to commence service under this schedule until notice is received from the Customer's NGS as outlined in the Company's Supplier Tariff, Enrollment of Customers under Rate Schedules "R", "C", and "SI".
3. The location of entry points necessary for the introduction of customer-owned gas into the Company's facilities shall be determined by the Company.
4. Any customer classified as a Priority 1 (residential and firm critical commercial essential human needs) customer under Title 52, Section 69.21(a)(1) of the Pennsylvania Code or group of customers containing such a customer(s) shall be required to purchase standby service unless the customer(s) can demonstrate that adequate installed alternate fuel capability is available at the facility for which transportation service is requested.
5. No special communications or meter device is required.
6. The daily transportation quantity requested to be delivered into the Company's facilities shall include an allowance for fuel used and unaccounted for volumes of 2.5%.
7. Natural Gas Suppliers (NGSs) serving customers under this rate schedule are subject to the terms and conditions of the Company's Supplier Tariff, including the Small Customer Balancing requirements.

RATE FOR SERVICE

Any customer(s) desiring transportation service under this schedule shall be obliged to receive and pay for such service at the Distribution Rate specified in Rate R, C or SI, as applicable. In addition, all other terms and conditions of the applicable rate schedules shall apply.

(C)

(C) Indicates Change

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By: Robert J. Crocker, President & Chief Executive Officer
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RATE SCHEDULE "ST" – SMALL TRANSPORTATION SERVICE (Continued)

(C)

TERMS OF PAYMENT

Bills for transportation service under this schedule shall be rendered and paid consistent with the rules and requirements of Rates R, C and SI, as applicable.

TAXES AND ASSESSMENTS

This rate schedule is subject to the adjustment application of the State Tax Surcharge, Rider B.

ENROLLMENT OF CUSTOMERS UNDER RATE SCHEDULES "R", "C" AND "SI"

NGS must enroll Customers under Rate Schedules "R", "C", and "SI" (less than 5,000 Mcf annual volumes) in accordance with the Company enrollment procedures. Customer consent is assumed if the NGS provides the Company with the Customer's account number and service address and any other information that may be required by the Company. Upon request by the Company, the NGS agrees to immediately provide, by fax or other means, a complete copy of the contract. NGS shall indemnify and hold Company harmless from any costs incurred by Company as a result of NGS' erroneous or improper enrollment of Customers.

Customers will be enrolled by the NGS with which they contract for gas supply service. Customers enrolled before the first business day of any month shall be notified by the Company in writing and be afforded a fourteen (14) day rescission period commencing on the first business day of the month. Gas Supply service from the NGS will commence on the next month's cycle meter reading date following the conclusion of the rescission period. Customer may switch NGSs or return to Sales Service at any time subject to the conditions of Customer Enrollment. A Customer electing to return to the Company's sales service should contact their NGS who will carry out the necessary steps with the Company. The decision and steps necessary to switch NGS are carried out between the newly selected NGS and the Customer. Customer will not be charged a fee to change its NGS or return to sales service. In the event that the NGS defaults or discontinues at any time other than the end of the billing cycle, the Company will sell gas supplies to the customer through the end of that billing cycle at the rate provided for in the contract between the customer and the NGS. In order to receive this rate, the Customer must provide the Company with proof of the applicable sales rate for the period in question.

(C)

(C) Indicates Change

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RATE SCHEDULE "T" TRANSPORTATION SERVICE

(C)
(C)

AVAILABILITY

This Service is available to any customer(s) eligible for service under the schedule of Rates of Gas-Pa. P.U.C. No. 2, Rate I, Rate IS and Rate SI (above 5,000 Mcf annual volumes), subject to the following requirements:

(C)

1. Where the customer requires transportation of a minimum annual volume of 5,000 Mcf.
2. Where the customer(s) has entered into a Transportation Contract for service under this schedule.
3. When system facilities and capacity is available as determined by the Company and the customer(s) has arranged for delivery of a specified quantity of natural gas of suitable quality to an interconnection with the Company's facilities.

(C)

CHARACTER OF SERVICE

1. Service under this rate schedule shall apply to all natural gas transported under a valid Transportation Contract.
2. The Company shall not be required to commence service under this schedule until a valid Transportation Contract has been executed.
3. The location of entry points necessary for the introduction of customer-owned gas into the Company's facilities shall be determined by the Company. Construction necessary to accomplish each natural gas connection will be conducted or supervised by the Company at the customer's expense. The Company shall own and maintain each natural gas connection.

CONDITIONS FOR SERVICE

Customers desiring service under this schedule shall provide the Company a fully-executed contract for Transportation Service which shall include but not be limited to:

1. The maximum daily transportation quantity requested to be delivered into the Company's facilities. This maximum daily transportation quantity shall include an allowance for fuel used and unaccounted for volumes of 2.5%.
2. The point or points of delivery into the Company's facilities.
3. The point or points of withdrawal from the Company's facilities.

(C) Indicates Change

RATE SCHEDULE "T" - TRANSPORTATION SERVICE (Continued)

CONDITIONS FOR SERVICE (Continued)

4. A statement indemnifying the Company from any and all liability resulting from a customer(s), supplier(s) or interstate pipeline transporter(s) failure to perform.

5. A statement that the customer(s) desiring transportation service will make all necessary arrangements to effect delivery into the Company's facilities.

TERM

Transportation Contracts shall be effective for a three (3) year period unless an alternative period is agreed upon by both the Company and the Customer.

In the event no transportation deliveries are scheduled within thirty (30) days of the effective date of the contract then the Transportation Contract shall become null and void, at the Company's option, and subject to any contractual obligations in the Transportation Contract.

CUSTOMER ENROLLMENT

Customer may switch from an NGS to another NGS authorized to provide service in Company's territory at any time, by providing notice to the Company at least ten (10) days prior to the first business day of the month. The switch will be implemented on the next month's cycle meter reading date. Customer may switch from an NGS to the Company's sales service only as permitted under the rate schedule applicable to the Customer's account.

(C) Indicates Change

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(C)

RATE SCHEDULE "T" - TRANSPORTATION SERVICE (Continued)

RATE FOR DISTRIBUTION SERVICE

Any customer(s) desiring transportation service under this schedule shall be obliged to receive and pay for such service according to the rates and charges as set forth below.

1. Firm Transportation Service - The Company shall provide delivery under this service option of up to the amount specified in the Transportation Contract or at the Distribution Rate specified in Rate I or SI (as applicable). All other terms and conditions of Rate I or SI shall apply except as addressed in Rate Schedule T.

2. Firm Transportation Service - PA - This service shall be provided to any customer(s) delivering natural gas from producing wells and fields (other than storage) located within the Commonwealth of Pennsylvania. The Company shall provide delivery under this service option of up to the lesser of (a) the amount specified in the Transportation Contract or (b) the daily volume delivered into the Company's facilities. The maximum charge for this service shall be the charge as calculated pursuant to Section 1, Firm Transportation Service of this schedule less 0.606 cents per Ccf transported.

The customer(s) shall agree to furnish the Company with a copy of the customer's purchase contract so that the origin of natural gas may be determined to qualify under this section or in lieu thereof, shall supply a sworn affidavit attesting to the origin of the natural gas.

3. Interruptible Transportation Service - Service under this section shall be provided as capacity and operating conditions permit and may be interrupted or curtailed at any time. Interruptible Transportation Service is not available to customers who are defined as "Essential Human Needs Use" under Rule 2 of this tariff unless such customers can demonstrate to Company's satisfaction that they possess sufficient alternate fuel capability to meet their energy requirements for a period not less than fourteen (14) consecutive days. The Company shall provide delivery under this service option at the Distribution Rate specified in Rate IS. All other terms and conditions of Rate IS shall apply except as addressed in Rate Schedule "T."

4. Standby Service – The Company may provide Standby Service to transportation customers consistent with the rules, regulations and requirements of Rate Schedule SS.

(C)

(C)

(C)

(C)

(C)

(C) Indicates Change

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By: Robert J. Crocker, President & Chief Executive Officer
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RATE SCHEDULE "T" - TRANSPORTATION SERVICE (Continued)**RATE FOR SERVICE (Continued)**

5. Overrun Penalties - Any unauthorized withdrawals from the Company's facilities in excess of a customer's contract for Standby Service or any unauthorized withdrawals from the Company's facilities, for a customer not selecting Standby Service, in excess of that customer's delivery for that day shall be considered overrun gas subject to a penalty of the market value of gas (if consumed but not delivered by an NGS) plus \$3.00 per Ccf multiplied by any excess quantity withdrawn; provided, however, no penalty charge shall be imposed if the Company has an adequate supply of gas available. (C)

6. Transportation Storage Service - The Company shall notify all customers receiving service under Rate Schedule "T" of any available storage capacity prior to April 30 of each year. Available capacity shall be allocated on a pro-rata basis according to requests received. The customer(s) electing this service shall be required to have a balance of zero (0) by March 31 of the succeeding year at which time the Company will determine available capacity for the next twelve months and notify customers pursuant to the notification provisions above.

Delivery of natural gas withdrawn from storage shall be on an interruptible basis.

The charge for this service shall be in addition to other transportation fees and shall be the Company's monthly cost for storage service and the related transportation to the Company's facilities. The current cost for storage service is as follows:

- a. A demand charge of \$98 per Mcf of annual storage capacity.
- b. A fee for interruptible delivery of \$0.01393 per Ccf transported.

Any customer(s) purchasing natural gas pursuant to an applicable retail rate schedule (including the current Gas Cost Rate) who has selected the interruptible Transportation Storage Service option shall receive a credit for retail purchases equivalent to that portion of gas costs related to storage fees. The present storage cost component of the currently effective Gas Cost Rate is \$0.03854 per Ccf purchased.

7. Automatic Meter Reading Equipment - In order to utilize this service, automatic meter reading equipment is required. Customer shall pay for all costs incurred by the Company to install automatic meter reading equipment as required by the Company and provide access for such equipment. The cost of installing automatic meter reading equipment plus all costs associated with dedicated telephone lines and telemetering equipment shall be at the expense of the Customer. The cost shall be paid by the customer prior to commencement of service. A dedicated telephone line must be provided by the customer, and the customer shall be responsible for maintaining the line. All maintenance performed by the Company at the request of the customer on automatic meter reading equipment will be paid by the Customer. Such charges shall also include battery costs, when a battery must be replaced. The meter and associated telemetering equipment shall be the property of the Company. (C)
(C)

(C) Indicates Change

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RATE SCHEDULE "T" - TRANSPORTATION SERVICE (Continued)

RATE FOR SERVICE (Continued)

8. Facilities Surcharge - The cost of any modification to existing facilities or of any new facilities required exclusively to provide transportation service under this rate schedule shall be paid by the Customer. All modifications and new facilities shall be agreed to and specified by contract.

TERMS OF PAYMENT

Bills for transportation service under this schedule shall be rendered monthly. Bills are due and payable fifteen (15) days after rendition. A late payment penalty of five percent (5%) shall be applied to the first fifty dollars (\$50) and two percent (2%) shall be applied to all remaining balances after the fifteen (15) day due date.

TAXES AND ASSESSMENTS

This schedule is subject to adjustment application of the State Tax Surcharge Rider B. (C)

UNAUTHORIZED USE

If Customer uses gas, after having been notified that gas is not available under this rate schedule, uses gas in excess of the maximum daily quantity as established in the Service Agreement, or fails to comply with a Critical Day Flow Order (CDFO), all such unauthorized usage shall be billed at the rate of \$3.00 per Ccf. Nothing herein shall be construed to prevent the Company from taking all lawful steps to stop the unauthorized use of gas by Customer, including disconnecting Customer's service. In addition, if Customer fails to comply with a CDFO, Company reserves the right, in its discretion, to suspend the Customer's ability to purchase transportation service for a period of one year or to require the Customer to purchase Standby Service. (C)

GAS SUPPLY OBLIGATION

The Company shall have no obligation to provide natural gas supplies to Customers that contract for Firm Transportation Service without also contracting for Standby Service. In the event that a Firm Transportation Service Customer that does not contract for Standby Service seeks to purchase natural gas supplies from the Company, such sales may be made by the Company in its sole discretion.

BALANCING

Natural Gas Suppliers (NGSs) serving customers under Rate Schedule T are subject to the terms and conditions of Company's Supplier Tariff, including the Large Customer Balancing requirements. (C)

QUALITY

The gas sold hereunder shall be of pipeline quality sufficient to meet the quality standards of the Company. In all other cases, the gas shall be of merchantable quality only, reasonably free from water and other objectionable fluids, reasonably free from sand and other objectionable solids and containing not more than twenty (20) grains of sulphur or two (2) grains of hydrogen sulphide per one hundred (100) cubic feet.

(C) Indicates Change

RATE SCHEDULE "T" - TRANSPORTATION SERVICE (Continued)

(C)

QUALITY (Continued)

If the gas fails to meet the foregoing standards, either party may suspend the delivery or receipt thereof immediately, but shall provide notice to the other party of such suspension as soon as practicable.

LIMITATIONS ON THE AVAILABILITY OF TRANSPORTATION SERVICE

Customers who are defined as "Essential Human Needs Use" under the definition in Rule 2 of the General Rules and Regulations of this Tariff are not eligible for Firm Transportation Service unless such Customers agree to contract and pay for Standby Service in a quantity sufficient to meet their daily demand.

LIMITATION OF LIABILITY

The Company may curtail or interrupt gas service whenever the integrity of the Company's system or supply is threatened by conditions on its system. Such action shall not constitute default nor shall the Company be held liable in any respect. The Company makes no guarantee against and assumes no liability for interruption caused by any third party.

POSSESSION OF GAS

The Company shall be deemed to be in control and possession of the natural gas transported pursuant to this schedule upon receipt of such gas at the interconnection with Company's facilities as specified in the executed agreement for service and until delivery to Customer(s) facilities. The Customer(s) shall be deemed to be in control of such gas prior to the Company's receipt and after delivery to the Customer's(s) facilities. During periods of gas supply shortages when service is threatened to Customers classified as Priority I, Customer must agree to sell its supply of gas within the Company's distribution system to the Company at a rate equal to the higher of the Company's weighted average cost of gas or the Customer's total acquisition cost of gas (including pipeline transportation charges). In the event of a supply shortage which causes the Company to purchase Customer(s) gas the customer shall make available a copy of its contract for natural gas supply upon request or, in lieu thereof, the Customer shall supply a sworn affidavit specifying Customers total acquisition cost of natural gas.

WARRANTY OF TITLE

The Customer(s) served under this schedule warrants that upon delivery of gas to Company for transportation the Customer will have good title to all gas delivered free of any lien or claim. The Company shall be deemed harmless from all suits and costs associated with any adverse claims of any party.

(C) Indicates Change

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By: Robert J. Crocker, President & Chief Executive Officer
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RATE SCHEDULE "SS" – STANDBY SERVICE

AVAILABILITY

This rate is available to transportation customers that would otherwise qualify for service on Rate T. Standby Service is not available during gas shortages or emergency curtailments. (C)

DESCRIPTION OF SERVICE OFFERING

For eligible customers, Standby Service will be provided to a customer(s) desiring transportation volumes pursuant to a valid Firm Transportation Contract and also desiring the ability to purchase gas at any time from the Company's system supply. The customers(s) failure to elect Standby Service, when entering into a Firm Transportation Contract, relieves the Company of any duty to provide retail sales service during the term of the contract.

NET MONTHLY RATE

Customer charge per month: Up to \$25.34 per Mcf of Maximum Daily Delivery Quantity (I)

GAS SUPPLY SERVICE AND RATE

* * *

Gas supply provided by the Company as Standby Service shall be priced at the cost that the Company incurs to purchase such supplies on the market, delivered to the Company's service territory. At the Company's discretion, published market indices may be used to determine the applicable commodity rate. Company may restrict the availability of Standby Service for eligible customers when, in the Company's discretion, sufficient supplies or capacity are not available to ensure retail sales service to customers on Rates R, C and SI. (C)

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RATE SCHEDULE "SS" – STANDBY SERVICE (Continued)

MAXIMUM DAILY DELIVERY QUANTITY

Customer shall designate a Maximum Daily Delivery Quantity, which shall be the maximum daily volume of gas that the Customer proposes to reserve for purchase from the Company. The Maximum Daily Delivery Quantity shall be specified in Customer's contract. The Company reserves the right to refuse the requested quantity if the Company determines, in its sole discretion, that it does not have adequate gas supplies or distribution capacity to provide the service over the life of the contract.

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B". (C)

NET PAYMENT PERIOD

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of this bill and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

CONTRACT TERM

Not less than three (3) years.

GENERAL

The tariff of which this rate is a part includes certain terms and conditions of service. Service hereunder is subject to these terms and conditions, including the Overrun Penalties pursuant to Rate Schedule T for any use of Standby Service in excess of the Maximum Daily Delivery Quantity or use during times when the Company has notified the Customer that Standby Service is not available.

(C)

[RESERVED FOR FUTURE USE]

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RIDER "A" - GAS COST RATE**PROVISION FOR GAS COST RATE**

The gas cost rate shall be applied to each Mcf (1,000 cubic feet) of gas supplied under Rate Schedules R, RC, C, SI, IS, I of this Tariff.

Gas Cost Rate	\$6.3970 per Mcf	(I)
	\$0.63970 per Ccf	(I)

COMPUTATION AND APPLICATION OF GAS COST RATE

The gas cost rate shall be computed to the nearest one hundredth of a cent (\$0.0001) per Mcf in accordance with the formula set forth below:

$$\text{GCR} = \frac{\text{C} - \text{E}}{\text{S}}$$

Each gas cost rate so computed shall be applied to customers' bills for twelve (12) monthly billing period commencing with September; provided, however, that such rate may be revised on an interim basis subject to approval of the Pennsylvania Utility Commission upon determination that the effective rate will result in material over or under collections if not revised. Such interim revised rate shall become effective thirty (30) days from the date of filing unless otherwise denied or modified by the Commission.

DEFINITIONS

"GCR" -- gas cost rate determined to the nearest one-hundredth of a cent (\$0.0001) to be applied to each Mcf of gas supplied under Rate Schedules R, RC, C, SI, IS, I of this Tariff.

"C" -- the current cost of gas, determined as follows: (a) for all types of purchased gas, project the gas costs as defined by 66 Pa.C.S. §1307(h), including, but not limited to, any fees or costs incurred for gas acquisition and management, including credit costs, and any costs for risk management (e.g., calls, straddles, options, collars, etc.), for the computation year (adjusted for net current gas stored); plus (b) the arithmetical sum of (1) the projected book value of noncurrent gas at the beginning of the computation year, minus (2) the projected book value of noncurrent gas at the end of the computation year, adjusted (3) for any forecasted credits, including Standby Credits, profit margins and costs of Off-system Sales, and gas costs related to Alternate Fuel Delivery customers.

"E" -- experienced net over collection (or under collection) of the cost of purchased gas for twelve (12) month period ending with the June billing period, including interest.

Interest shall be computed monthly at the rate provided for in Section 1308 (d) of the Public Utility Law from the month the over or under collection occurs to the effective month such over collection is refunded or such under collection is recouped. Customers shall not be liable for interest on net under collections.

(I) Indicates Increase

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RIDER "A" - GAS COST RATE (Continued)

DEFINITIONS (Continued)

Additionally, supplier refunds received prior to the end of the June billing period will be included in the factor "E" with interest added at the annual rate of six percent (6%) calculated in accordance with the foregoing procedure beginning with the month such refund is received by the Company.

"S" – projected Mcf of gas to be billed to customers during the computation year.

"Purchased Gas" -- the volume of gas purchased 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.

"Computation Year" -- the fiscal year from September through August.

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECTIFICATION

The filing of the Company's annual gas cost rate effective during the billing periods of September through August shall be submitted to the Commission by July 3 of each year, sixty (60) days prior to the September 1 effective date. The filing of the Company's final filing, together with the revisions to data in the preliminary filing, shall be submitted to the Commission by August 2 of each year, thirty (30) days prior to the September 1 effective date.

The application of the gas cost rate shall be subject to continuous review and to audit by the Commission at such intervals as the Commission shall determine. The Commission shall continuously review the reasonableness and lawfulness of the amounts of the charges produced by the gas cost rate and the charges included herein.

RIDER "A" - GAS COST RATE (Continued)

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECTIFICATION
(Continued)

If from such audit it shall be determined, by final order entered after notice and hearing, that this clause has been erroneously or improperly utilized, the Company will rectify such error or impropriety, and in accordance with the terms of the order apply credits against future gas cost rates for such revenues as shall have been erroneously or improperly collected. The Commission's order shall be subject to the Right of Appeal.

REPORTING REQUIREMENTS

The Company shall file quarterly reports within thirty (30) days following the conclusion of each quarter of the computation year. These reports will be in such form as the Commission shall have prescribed.

The third quarterly report shall be accompanied by a tentative estimate of the gas cost rate for the next computation year.

EXCLUSION FROM OTHER CHARGES

Amounts billed for the gas cost rate shall not be subject to the state tax adjustment surcharges set forth elsewhere in this Tariff.

RIDER "B" - STATE TAX SURCHARGE

In addition to the charges provided in this tariff, a surcharge of 0.0800% will apply to all bills for sales service rendered on or after January 1, 2012. (D)
(C)

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

1. Whenever any of the tax rates used in calculation of the surcharge are changed.
2. Whenever the utility makes effective increased or decreased rates.
3. And on March 31, 1992, and each year thereafter.

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

(C) Indicates Change (D) Indicates Decrease

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(C)

[RESERVED FOR FUTURE USE]

(C)

RIDER "D" - GAS COST ADJUSTMENT CHARGE

Migration from Gas Supply Service to Transportation Service

Ratepayers who have been receiving Gas Supply Service from the Company for at least twelve (12) consecutive months and transfer to Transportation Service will be charged the Gas Adjustment Charge for a period of twelve (12) months. This charge will be applied regardless of the type of service the customer is receiving during this twelve (12) month period. Ratepayers who have received Gas Supply Service for less than twelve (12) consecutive months and transfer to Transportation Service will not be subject to the Gas Adjustment Charge.

Migration from Transportation Service to Gas Supply Service

Ratepayers who have been receiving Transportation Service from the Company for at least twelve (12) consecutive months and transfer to Gas Supply Service will not be charged the Gas Adjustment Charge for a period of twelve (12) months. This charge will not be applied regardless of the type of service the customer is receiving during this twelve (12) month period. Ratepayers who have received Transportation Service for less than twelve (12) consecutive months and transfer to Gas Supply Service will be subject to the Gas Adjustment Charge.

Gas Cost Adjustment Charge

This rider provides a method under Section 1307(e) of the Public Utility Code for recovery of the experienced net over/under collection of purchased gas costs as adjusted annually from ratepayers who have shifted from retail service to delivery service on or after the effective date of this rider. This rider is to be effective for service rendered on or after July 1, 2000.

The gas cost adjustment rider shall equal the current Section 1307(e) rate less the C-factor (projected cost of gas) as approved in the Company's most recent 1307(e) natural gas cost proceeding, including all E-factor adjustments to the rate resulting from the Company's recalculation of natural gas costs.

Revenue from this rider will be credited to the Company's Section 1307(e) Purchased Gas Cost mechanism.

The Gas Cost Adjustment Charge per Mcf delivered for the period of:

September 2011 through August 2012 is:	(C)
(\$0.6940) per Mcf	(I)
(\$0.06940) per Ccf	(I)

(C) Indicates Change (I) Indicates Increase

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RIDER "E" - CUSTOMER EDUCATION PROGRAM CHARGE

CUSTOMER EDUCATION PROGRAM CHARGE

A non-bypassable charge will be included in Customer Charges subject to this rider which provides for recovery of the costs of a Customer Education Program for Residential, Commercial and Small Industrial customers.

APPLICABILITY

An amount shall be included in the Customer Charges for customers receiving service under Rate Schedules "R" - Residential, "C" - Commercial, and "SI" - Small Industrial or successive rate schedules as provided below:

Customer Education Program Charge	\$0.0000 <u>per month</u>	(D)
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RATE CALCULATION

The charge will be based upon the projected expenses by the Company for the Customer Education Program for each annual period and any over / under recovery of expenses from prior periods.

Effective January 1, 2003 and each year thereafter, the charge will be calculated to reflect the effect of the Annual Reconciliation or prior year annual expenditures.

The rate calculation shall be filed with the Commission on or before November 1, 2002 and on or before November 1 of each year thereafter.

ANNUAL RECONCILIATION

The annual reconciliation to be effective January 1, 2003 and January 1 of each year thereafter shall include a reconciliation of actual experienced Customer Education Program expenses to experienced recoveries. All reconciliations shall be based upon actual amounts through September and estimates for October through December. Estimates for October through December shall be reconciled in the subsequent reconciliation period. The reconciliation shall be filed on or before November 1, 2002 and on or before November 1 of each year thereafter in conjunction with the annual Rate Calculation filing. The reconciliation rate will be designed to recover or refund the applicable under or over recovery over the twelve month period beginning January 1.

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

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