
PECO ENERGY COMPANY

GAS SERVICE TARIFF

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 6.

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**ISSUED BY: K. G. LAWRENCE - President
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PHILADELPHIA, PA. 19101**

NOTICE.

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LIST OF COMMUNITIES SERVED

DELAWARE COUNTY DIVISION:

CITY: Chester.

BOROUGHS: Aldan, Brookhaven, Chester Heights, Clifton Heights, Collingdale, Colwyn, Darby, East Lansdowne, Eddystone, Folcroft, Glenolden, Haverford, Lansdowne, Malvern, Marcus Hook, Marple, Media, Millbourne, Morton, Narberth, Norwood, Parkside, Prospect Park, Radnor, Ridley Park, Rose Valley, Rutledge, Sharon Hill, Swarthmore, Trainer, Upland, Upper Darby, Yeadon.

FIRST-CLASS TOWNSHIPS: Aston, Darby, Lower Chichester, Lower Merion, Marple, Nether Providence, Ridley, Springfield, Tinicum, Upper Chichester, Upper Darby.

SECOND-CLASS TOWNSHIPS: Bethel, Birmingham, Chester, Concord, East Goshen, East Whiteland, Easttown, Middletown, Newtown, Tredyffrin, Upper Providence, Willistown.

BUCKS COUNTY DIVISION:

BOROUGHS: Bristol, Chalfont, Doylestown, Hulmeville, Ivyland, Langhorne, Langhorne Manor, Morrisville, New Britain, New Hope, Newtown, Penndel, Telford, Tullytown, Yardley.

FIRST-CLASS TOWNSHIP: Bristol.

SECOND-CLASS TOWNSHIPS: Bensalem, Buckingham, Doylestown, Falls, Hilltown, Lower Makefield, Lower Southampton, Middletown, New Britain, Newtown, Northampton, Plumstead, Solebury, Upper Southampton, Warminster, Warrington, Warwick, West Rockhill, Wrightstown.

MONTGOMERY COUNTY DIVISION:

BOROUGHS: Ambler, Bridgeport, Bryn Athyn, Collegeville, Conshohocken, East Greenville, Green Lane, Hatboro, Hatfield, Jenkintown, Lansdale, Norristown, North Wales, Pennsburg, Pottstown, Red Hill, Rockledge, Royersford, Schwenksville, Souderton, Telford, Trappe, West Conshohocken.

FIRST-CLASS TOWNSHIPS: Abington, Cheltenham, Hatfield, Lower Moreland, Lower Pottsgrove, Plymouth, Springfield, Upper Dublin, Upper Gwynedd, Upper Moreland, Upper Pottsgrove, West Norriton, West Pottsgrove.

SECOND-CLASS TOWNSHIPS: East Norriton, Franconia, Horsham, Limerick, Lower Frederick, Lower Gwynedd, Lower Providence, Lower Salford, Marlborough, Montgomery, Perkiomen, Salford, Skippack, Towamencin, Upper Frederick, Upper Hanover, Upper Merion, Upper Providence, Upper Salford, Whitemarsh, Whippany, Worcester.

CHESTER COUNTY DIVISION:

CITY: Coatesville.

BOROUGHS: Atglen, Avondale, Christiana, Downingtown, Honey Brook, Kennett Square, Parkesburg, Phoenixville, South Coatesville, Spring City, West Chester, West Grove.

FIRST-CLASS TOWNSHIP: Caln.

SECOND-CLASS TOWNSHIPS: Birmingham, Charlestown, Concord, East Bradford, East Caln, East Coventry, East Fallowfield, East Goshen, East Marlborough, East Pikeland, East Vincent, East Whiteland, Franklin, Honey Brook, Kennett, Londonderry, London Grove, New Garden, New London, North Coventry, Penn, Pennsburg, Pocopson, Sadsbury, Sadsbury (Lancaster County), Schuylkill, Thornbury, Tredyffrin, Upper Uwchlan, Uwchlan Valley, West Brandywine, West Caln, West Goshen, West Marlborough, West Nantmeal, West Pikeland, West Sadsbury, West Whiteland, Westtown, Willistown.

HOW TO USE LOOSE LEAF-TARIFF

1. This Tariff is issued on the loose-leaf plan. Each page will be issued as "original page", consecutively numbered, commencing with the title page, which in all cases will be considered as Page No. 1. For example: "Original Page No. 2", "Original Page No. 3," etc.
2. All changes in, additions to, or eliminations from, original pages, will be made by the issue of consecutively numbered supplements to this Tariff and by reprinting the page or pages affected by such change, addition, or elimination. Such supplements will indicate the changes which they effect and will carry a statement of the make-up of the Tariff, as revised. The Table of Contents will be reissued with each supplement.
3. When a page is reprinted the first time, it will be designated under the P.U.C. number as "First Revised Page No....," the second time as "Second Revised Page No." etc. First revised pages will supersede original pages; second revised pages will supersede first revised pages, etc.
4. When changes or additions to be made require more space than is available, one or more pages will be added to the Tariff, to which the same number will be given with letter affix. For example: If changes were to be made in Original Page No. 2 and, to show the changed matter, more than one page should be required, the new page would be issued as "First Revised Page No. 2, superseding Original Page No. 2"; and the added page would be issued as "Original Page No. 2A." If a second added page should be required, it would be issued as "Original Page No. 2B." Subsequent reprints will be consecutively designated as "First Revised....," "Second Revised....," etc.
5. On receipt of a revised page it will be placed in the Tariff immediately following the page which it is to supersede, and the page which is to be superseded thereby plainly marked "See following page for pending revision." On the date when such revised page becomes effective, the page superseded should be removed from the Tariff.

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS

Aggregation Services Fee - A charge of 1¢/mcf applicable to all Low Volume Sales and Transportation Customers to be added to such Customers' Variable Distribution Service Charge effective January 1, 2001.

available rate - A rate which may be obtained by a Customer if the use of service conforms to the character of service contemplated in the rate, and the Customer's location is such that this service can be supplied from existing facilities of the Company.

Balancing Service Cost or ("BSC") – Charge to all Low Volume Customers, both Sales and Transportation, included in Variable Distribution Charges, for fixed and variable storage costs for each Mcf of gas delivered under Rate Schedules GR, CAP, GC, OL, L, and MV-F and under the Excess Off-Peak Use Rider of this Tariff, or the successors thereto.

Btu - British thermal unit.

cu. ft. - Cubic foot.

Ccf – 100 cubic feet of gas. This is a measure of gas usage.

Chapter 56 – The PUC regulations that govern metering, billing and collections for residential gas and electricity service.

Commodity Charge ("CC") – The "C" factor component of the Sales Service Cost representing the charge to Low Volume Sales Customers for purchased gas costs for each McF of Sales Service gas supplied under Rate Schedules GR, CAP, GC, OL, L and MV-F and under the Excess Off-Peak Use Rider of this Tariff, or the successors thereto.

Commission – The Pennsylvania Public Utility Commission or any lawful successor thereto.

Company – PECO Energy Company

Competition Act - the Natural Gas Choice and Competition Act, 66 Pa.C.S. §2201, et seq.

Competitive Natural Gas Supply - unbundled, firm natural gas provided by an NGS to Low Volume Transportation Customers under the Company's Gas Choice program.

Consolidated NGDC Billing – Billing provided by the Company that contains both the Company's charges for its services and the NGS's separate charges for gas supply services.

Customer - Any person, partnership, association, or corporation, lawfully receiving service at a single meter location from the Company. In addition, unless explicitly prohibited by the Public Utility Code or the Commission's Rules or Regulations, an NGS may act as an agent for a Customer upon written authorization to PECO Energy, which authorization may be included in the notice of NGS selection.

daily quantity - The quantity of gas used in a 24-hour period beginning at 10:00 a.m., Eastern Standard Time or Daylight Saving Time, whichever is in common use.

delivery point - That point at which the Customer's facilities are connected to the Company's facilities.

Fixed Distribution Service Charge – A charge to recover costs caused by the presence of the Low Volume Customer on the system, other than the costs associated with the Customer's usage.

Gas Choice – Program under which Suppliers provide Competitive Natural Gas Supply to Low Volume Transportation Customers on the Company's system.

Gas Cost Adjustment ("GCA") Charge – The "E" factor component of the Sales Service Cost representing the net overcollection or undercollection of purchased gas costs, charged to Low Volume Sales Customers for each Mcf of Sales Service gas supplied under Rate Schedules GR, GC, CAP, OL, L, MV-F and the Excess Off-Peak Use Rider, or the successors thereto.

High Volume Transportation Customers - Customers who purchase natural gas from an alternative Supplier under Rates Schedules TS-F, TS-I and/or CGS, or the successors thereto, and not under the Company's Gas Choice program.

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holidays - Company holidays include: New Year's Day, Martin Luther King, Jr.'s Birthday, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Friday after Thanksgiving, Christmas, and Sundays.

initial contract term - The Customer's initial contract term, or in the case of transportation service, any renegotiation of an existing contract, for a service location shall be the Customer's first term of contract for service as specified under a given tariff rate or contract agreement to a location and shall also be the first term of contract after the Customer changes service at a location to a different rate, or in case of transportation service, any renegotiation of an existing contract.

Low Volume Customers – Customers served under Rate Schedules GR, GC, CAP, OL, L, MV-F and the Excess Off-Peak use rider, or successors thereto.

Low Volume Sales Customer – Low Volume Customers served under Rate Schedules GR, GC, CAP, OL, L, MV-F and the Excess Off-Peak Use Rider, who purchase their gas from the Company.

Low Volume Transportation Customers (“LVT Customers”) - Low Volume Customers who purchase Competitive Natural Gas Supply from a Supplier pursuant to the Company's Gas Choice program, under Rates Schedules GR, GC, CAP, OL, L, MV-F, or the Excess Off-Peak Use Rider, or the successors thereto, and not under Rate Schedules, TCS, IS, MV-I, TS-F, TS-I, and/or CGS, or the successors thereto, and who are members of an LVT Customer Group as defined in Rule 3 of the Gas Choice Supplier Coordination Tariff.

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

month - A month under this Tariff means 1/12 of a year, or the period of approximately 30 days between two regular consecutive readings of the Company's meter or meters installed on the Customer's premises.

NGDC - Natural gas distribution company.

Natural Gas Supplier (“Supplier” or “NGS”) - a natural gas supplier as defined in the Competition Act, that has been licensed by the Pennsylvania Public Utility Commission to sell Competitive Natural Gas Supply to Low Volume Transportation Customers on the Company's system under the Company's Gas Choice program, or to sell natural gas to Customers under Rates TCS, IS and/or MV-I or High Volume Transportation Customers under Rate Schedules TS-F, TS-I, and/or CGS.

Natural Gas Supplier Coordination Tariff – The Tariff, setting forth the basic requirements for interactions and coordination between the Company, as the natural gas distribution company, and Suppliers necessary for maintaining the delivery of Competitive Natural Gas Supply from Suppliers to their Low Volume Transportation Customers under the Company's Gas Choice program.

property line - The division line between land held in, or for, private use, and land in which the public or the Company has a right of use; or, the division line between separately owned or occupied land.

Sales Service Cost (“SSC”) - Cost of commodity and non-storage interstate pipeline firm transportation capacity to delivery such commodity to the city gate for Low Volume Sales Customers.

rate - The rates are CAP, GR, GC, OL, L, MV-F, MV-I, IS, TCS, TS-I, TS-F, and CGS or the successors thereto.

Separate NGS Billing – Separate Billing by an NGS of its charges for gas supply service.

service - The distribution of gas for use by the Customer, including all things done by the Company in connection with such distribution.

service-supply pipe - The pipe extending from the Company's supply main to a metered delivery point or, in the case of installations comprised exclusively of outdoor gas lights, to the first such light.

Summary Billing Accounts - An aggregate bill prepared at the option of the Company for Customers with multiple accounts that are related within the same partnership, association, corporation or governmental agency.

Supplier of Last Resort Service (“SLR Service” or “Sales Service”) - Natural gas supply service provided by the Company as supplier-of-last-resort to residential, small commercial, small industrial and essential human needs Customers who: (1) do not choose a Supplier or chose to be served by their supplier of last resort; (2) who are refused service by a Supplier; (3) whose Supplier has defaulted or exited the system; or (4) who return to SLR service after having obtained Competitive Natural Gas Supply.

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Tariff – This Gas Service Tariff comprising the rates, rules and regulations that apply to the distribution of natural gas, including all things done the Company in connection with such distribution and/or the supply of natural gas under Supplier of Last Resort (Sales) Service.

Transportation Service – Natural gas supply service provided to Customers, served under any rate , by an alternative Natural Gas Supplier.

Variable Distribution Service Charge – The variable charges on a Mcf basis for the provision of unbundled distribution service, including all things done by the Company in connection with such distribution service.

RULES AND REGULATIONS

1. THE GAS SERVICE TARIFF

1.1 FILING AND POSTING. A copy of this Tariff, which comprises the Rates, Rules and Regulations under which service and SLR (Sales) Service will be supplied to its Customers by PECO Energy Company, is on file with the Pennsylvania Public Utility Commission is posted and open to inspection at the offices of the Company and it is available on the Company's website at: http://www.peco-energy.com/corp/corp_rates_fr.html.

1.2 REVISIONS. This Tariff may be revised, amended, supplemented or otherwise changed from time to time in accordance with the Pennsylvania "Public Utility Law", and such changes, when effective, shall have the same force as the present Tariff.

1.3 APPLICATION. The Tariff provisions apply to everyone lawfully receiving service from the Company, under the rates therein, and receipt of service shall constitute the receiver a Customer of the Company as the term is used herein, whether service is based upon contract, agreement, accepted signed application, or otherwise. A Customer will receive service under this Tariff effective with their first scheduled billing cycle beginning after July 1, 2000.

1.4 BASIS OF CHARGE. Time elapsed is a factor in the supply of service and the rates and minimum charges named in this Tariff, while predicated on periods of supply of not less than one year, are stated in values for direct application only to monthly periods of service provision and will be adjusted for application to service provided during other time intervals.

1.5 RULES AND REGULATIONS. The Rules and Regulations, filed as a part of this Tariff, are a part of every contract for service made by the Company and govern all classes of service where applicable, unless specifically modified by a rate or rider provision.

1.6 USE OF RIDERS. The terms governing the provision of service under a particular rate may be modified or amended only by the application of standard riders, filed as part of this Tariff.

1.7 STATEMENT BY AGENTS. No representative has authority to modify a Tariff rule or provision, or to bind the Company by any promise or representation contrary thereto.

RULES AND REGULATIONS - Continued

2. SERVICE SPECIFICATIONS

2.1 CHARACTER. This Tariff applies only to the distribution and/or supply of natural gas, or its equivalent. Supply pressures will be limited in accordance with Company specifications.

2.2 SINGLE-POINT DELIVERY. The rates named in this Tariff are based upon the Company's distribution and/or supply through a single delivery point. Separate distribution and/or supply for the same Customer at other points of delivery shall be billed separately unless otherwise specifically provided for under a rate or rider statement.

2.3 SINGLE-POINT AVAILABILITY. Service delivered at a single point is available to one or more buildings or units devoted essentially to a single purpose, provided and so long as:

a. Such buildings or units are:

- (1) held, possessed, and either utilized or operated as a single establishment by a single responsible entity, and
- (2) unified on the basis of family, business, industry, enterprise, or governmental agency or through conveniences and services, such as heat, elevator, janitor, care of halls, walks and lawns, etc., furnished by such entity, and
- (3) situated on a single or on contiguous land parcels except where such buildings or units constitute interdependent parts of a single industrial enterprise. In determining "contiguity" hereunder of parcels abutting opposite sides of public or private ways, the boundaries of such parcels shall be considered as extending to the center of such ways.

b. There is granted and maintained to the Company easement or other rights, adequate in the Company's reasonable judgment to supply service direct to any such buildings or units if, as and when a cessation of any one or more of the conditions stated in paragraph lettered "a" above should occur, or there should arise in any manner a Company duty of such direct supply.

c. The distribution and other facilities on the Customer's side of the delivery point are:

- (1) furnished, installed and maintained at the expense of the Customer, and
- (2) owned or leased by the Customer, and
- (3) operated and controlled by or at the expense of the Customer.

d. The Company is under no legal obligation of direct supply to any portion of said buildings or units or their appurtenances.

e. A guarantee by deposit or otherwise is given and maintained to the Company sufficient in its reasonable judgment to insure it against loss in distribution and other investment in the event of change in the nature of holding and possession of such buildings or units, or in the occupancy thereof, or in the type of service delivered thereto.

f. All utilization equipment on the Customer's side of the Company delivery point is furnished, installed, operated and maintained by the operator of the buildings or units supplied or by the tenants of such operator whose use of gas is dependent upon the single point delivery and metering of service.

g. Any use of public highways by such operator for the latter's distribution facilities does not conflict or interfere with the franchise rights of the Company.

2.4 COMPLIANCE WITH AVAILABILITY. The use of the Company's service shall not be for any purpose other than that covered by the availability provisions of the rate or rider under which service is supplied.

2.5 COMPLIANCE WITH BUILDING ENERGY CONSERVATION ACT STANDARDS. Prior to furnishing permanent residential service for heating or cooling purposes to new residential buildings, a copy of the Compliance Certification from the Pennsylvania Department of Community Affairs indicating proof of compliance with, or exemption from, the insulation standards set forth in the Building Energy Conservation Act and the regulations promulgated thereunder, will be required for residential buildings located in municipalities that have not elected to administer the Act.

RULES AND REGULATIONS - Continued

3. CUSTOMER'S INSTALLATION

3.1 INFORMATION FROM APPLICANT FOR SERVICE. The Company should be advised by the applicant for service in writing, preferably on a form supplied by the Company, of premises to be equipped for gas, giving exact location, and details of all gas appliances to be installed.

The applicant for service shall supply the Company information regarding potential or actual contamination, waste or other materials or other adverse environmental conditions on the Customer's premises on or near where the Company facilities are to be located. The Customer has a continuing obligation to provide the Company with copies of any environmental assessment relating to the premises. The Company also has a continuing right to inspect the Customer's premises for the purposes of performing an environmental assessment.

3.2 DELIVERY POINT. The Company will designate in writing, upon request, a satisfactory point at which the Customer shall terminate the Customer's piping for connection to the facilities of the Company. The failure to request and obtain such information may result in refusal of service pending rearrangement of Customer's facilities, but the designation of a termination point does not constitute an agreement or obligation on the part of the Company to furnish service.

In establishing a point of delivery, the Company has the right to avoid areas known or suspected to contain contamination waste or other materials or other adverse environmental conditions.

The Company may waive this right upon agreement from the Customer or applicant to indemnify, defend and hold harmless the Company (its successors, assigns, trustees, officers, employees and agents) from and against all actions, causes of action, claims and demands whatsoever, and from all costs, damages, expenses, losses, charges, debts and liabilities whatsoever (including attorney's fees), whether known or unknown, present or future, that arise from such conditions. This indemnification provision shall survive the termination or expiration of this Agreement and the termination of the business relationship of the parties hereto.

3.3 METER LOCATION. There shall be provided, free of expense to the Company, at a location outdoors, unless otherwise designated by the Company, which the Company will designate in writing upon request, a suitable place for the regulator or regulators, meter or meters, or other equipment of the Company which may be required in the delivery of gas service. The space provided for the Company's meters and equipment shall be of convenient access to the Company's employees and as near as possible to the terminus of the service-supply pipe. Its location shall be such that the meter connections are not concealed and shall be otherwise acceptable to the Company.

3.4 NONSTANDARD SERVICE. The Customer shall pay the cost of any special installation necessary to meet any peculiar requirements for service.

The Customer shall pay all costs to the Company of performing environmental assessments, including consultant costs and the costs of removal and disposal of hazardous materials associated with either the initial installation of service, modifications to the service or repair and maintenance of service.

3.5 REVERSE FLOW. The Customer may be required to install check-valves, or other devices, to prevent compressed air or other gases from entering the Company's mains.

RULES AND REGULATIONS - Continued

4. APPLICATION FOR SERVICE

4.1 PLACE OF APPLICATION. Applications for service may be made at any commercial office of the Company or, in some cases, over the telephone.

4.2 SERVICE CONTRACT. Every applicant for service may be required to sign a contract, agreement, or other form, then in use by the Company, covering the special circumstances of the use of gas, and shall abide by these Rules and Regulations and the standard requirements of the Company.

4.3 CONTRACT DATA. The application shall contain a statement of the premises to be served, the rate under which service is desired, and such conditions or riders as are applicable to the special circumstances of the case.

4.4 RIGHT TO REJECT. The Company may place limitations on the amount and character of service it will supply or may reject applications for service not available under a standard rate, or which might affect the supply of service to other Customers, or to be delivered at a location which involves excessive supply cost, or for other good and sufficient reasons. Customer cannot be denied SLR (Sales) Service or new service for failure to pay an NGS's charges.

The Company has the right to restrict service to only those locations which will not expose the Company to liability for known or suspected contaminated waste or materials or other adverse environmental conditions.

4.5 ACCEPTANCE. When an application is accepted, or when service is supplied according thereto either without modification or with supplemental agreement, it constitutes the contract between the Customer and the Company, subject to the Rules and Regulations.

4.6 SPECIAL CONTRACTS. Standard contracts shall be for terms as specified in the statement of the rate, but where large or special investment is necessary for the supply of service, or where service is to be used for an emergency or temporary replacement of another method of operation, contracts of longer term than specified in the rate, or with special guarantees of revenue, or both, may be required.

4.7 UNAUTHORIZED USE. Unauthorized connection to the Company's service-supply facilities, and/or unauthorized use of utility service, may be terminated by the Company without notice. Unauthorized use of utility service means unreasonable interference or diversion of service, including meter tampering any—act which affects the proper registration of service through a meter, by-passing (unmetered service that flows through a device connected between a service line and Customer-owned facilities), and unauthorized service restoral. In cases of tampering or by-passing, the use of service without notifying the Company and enabling it to read its meter will render the user liable for any amount due for service supplied to the premises from the time of the last reading of the meter, immediately preceding the Customer's occupancy, as shown by the Company's books.

4.8 WITHDRAWAL OF APPLICATION BY NON-RESIDENTIAL CUSTOMERS. In the event the Customer or potential Customer withdraws, in whole or in part, an application for either new or modified service, the Customer will reimburse the Company for all reasonable costs incurred by the Company in anticipation of supplying the new or modified service where such costs were described by the Company to the Customer at or before the time application was made. This provision does not apply to individual residential service applicants.

RULES AND REGULATIONS - Continued

5. CREDIT

5.1 PAYMENT OBLIGATION. The provision of service for any purpose, at any location, is contingent upon payment of all charges provided for in this Tariff as applicable to the location and the character of service.

5.2 PRIOR DEBTS. Service will not be furnished to former Customers until any indebtedness to the Company for previous service of the same or similar classification has been satisfied. This rule does not apply to disputed bills under investigation.

5.3 GUARANTEE OF PAYMENTS. Where an applicant's credit is not established, a deposit, or other guarantee, satisfactory to the Company, may be required as security for the payment of final bills and compliance with the Company's Rules and Regulations, before the Company will render service. Any Customer having secured the return of a deposit shall not be required to make a new deposit unless the service has been discontinued and the Customer's credit standing impaired through failure to comply with Tariff provisions.

5.4 AMOUNT OF DEPOSIT. The deposit shall be not less than \$5 nor more than: (1) for Low Volume Customers, the estimated gross Fixed and Variable Distribution Service Charges, which charges would accrue for use of service at applicable rate or rates for any single billing period plus one month, such period not to exceed two months; or (2) for all other Customers, the estimated gross bill which would accrue for use of service at the applicable rate or rate for any single billing period plus one month, such period not to exceed two months. A deposit from a residential Customer shall conform to the requirements of Chapter 56 of the Commission's rules. Deposits required by the Company for Tariff regulated charges shall not be based on unpaid Supplier charges.

5.5 RETURN OF DEPOSIT. Deposits secured from a Customer shall be returned with accrued interest when the Customer establishes satisfactory credit with the Company, in accordance with Section 56.53 of the Pa. Utility Code. In cases of discontinuance of service, deposits will be returned with accrued interest upon payment of all service charges and guarantees or with deduction of unpaid accounts.

5.6 INTEREST ON DEPOSIT. The Company will allow simple interest on cash deposits of residential Customers at an annual rate determined by the average of 1-Year Treasury Bills for September, October and November of the previous year and 6% per annum on cash deposits of all other Customers. Deposits shall cease to bear interest upon discontinuance of service.

RULES AND REGULATIONS - Continued

6. SERVICE-SUPPLY FACILITIES

6.1 COMPANY'S SERVICE-SUPPLY PIPE. The Company will install, own and maintain the required service-supply pipe with Company participation in the cost of installation determined by the Company in accordance with Section 7. Extensions.

6.2 SERVICE-SUPPLY ALTERATIONS. Changes in location of service-supply pipe, or meter and connections, for the accommodation of the Customer, shall be at the expense of the Customer.

6.3 STUB-SERVICE PIPE. When supply mains are in place, service-supply pipe to a point beyond the curb line may be installed, at the option of the Company, ahead of paving, providing the owners of the abutting property shall request and pay for such stub-service pipe. The cost of any such stub-service pipe may be refunded to the Customer over a term of years, upon such basis or condition as may be determined by the Company and specified in the contract for service.

6.4 METERS AND REGULATORS. The Company will provide, own and maintain any meter or meters, regulator or regulators, required in the supply of service.

7. EXTENSIONS

7.1 SUPPLY MAIN CONSTRUCTION. The Company will install, own and maintain gas supply mains located on the highway or on rights-of-way acquired by the Company and used or usable as part of the Company's general supply system.

7.2 OBLIGATION TO EXTEND. Subject to the terms set forth herein, the Company will extend its facilities to a new point of delivery without charge to a potential customer making a valid request for natural gas service. For additional details see Section 7.3, Service Pipe and Main Extension Policy.

7.3 SERVICE PIPE AND MAIN EXTENSION POLICY. When gas is available for sale to new customers under one of the Company's firm sales or transportation rate schedules, main and service facilities will be extended to an applicant in accordance with the following provisions:

A. General Economic Test. The Company will make a capital investment in the total cost of new main and service facilities to serve the customer up to an amount equal to five times the additional estimated base annual revenue (EBAR) attributable to the customer. The Customer shall pay the cost, if any, in excess of the above limit. The "EBAR" (Estimated Base Annual Revenue) shall be calculated by multiplying the applicable Variable Distribution Charge rate (excluding any applicable gross receipts tax or certain fixed TCS costs) times the estimated annual consumption.

B. Developments. Deposits shall be required in advance for all lot developments and for developers with unsatisfactory credit history. Amount of deposit shall equal the net capital investment with EBAR credit applied for known gas applications in buildings under construction. Lot developments are defined as tracts subdivided for sale as individual lots or groups of lots to more than one builder or buyer.

C. Interruptible Service Installations. The Service Agreement for customers with interruptible service installations, including dual fuel installations, will include a provision for customer contributions and revenue guarantees based on the Company recovering its cost of investment in new mains and service facilities over a period not exceeding five years.

7.4 EXTENSION REFUNDS. Customer contributions may be refunded if, within three years of the date of the service agreement, new loads are added to facilities supplying the contributing 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 contributing Customer, and the original contribution shall be the maximum refund.

7.5 TAX ACCOUNTING OF CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER ADVANCES. All contributions in aid of construction (CIAC), customer advances or other like payments received by the Company shall constitute taxable income as defined by the Internal Revenue Service. The income taxes on such CIAC or customer advances will be segregated in a deferred account for inclusion in rate base in a future rate case proceeding. Such income taxes associated with CIAC or customer advances will not be charged to the specific contributor of the capital.

RULES AND REGULATIONS - Continued

8. RIGHTS-OF-WAY

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

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

8.3 DELAYS. Applications for service from an extension to be constructed where a right-of-way is not owned by the Company will only be accepted subject to delays incident to obtaining a satisfactory right-of-way.

9. INTRODUCTION OF SERVICE

9.1 COMPANY'S RIGHT TO INSPECT. The Company shall have the right, but shall not be obliged, to inspect any installation before service is introduced or at any later time, and reserves the right to reject any piping or appliances not in accordance with the Company's standard requirements; but such inspection, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage, resulting from defects in the installation, piping, or appliances, or from violation of Company rules, or from accidents which may occur upon the premises of the Customer.

9.2 DEFECTIVE INSTALLATION. The Company may refuse to connect if, in its judgment, the Customer's installation is defective, or does not comply with such reasonable requirements as may be necessary for safety, or is in violation of the Company's standard requirements.

9.3 UNSATISFACTORY INSTALLATION. The Company may refuse to connect if, in its judgment, the Customer's equipment, or use thereof, might injuriously affect the equipment of the Company, or the Company's service to other Customers.

9.4 INITIAL SERVICE. In all cases gas shall be introduced to the Customer's installation by, or under the supervision of, a representative of the Company.

RULES AND REGULATIONS - Continued

10. COMPANY EQUIPMENT ON CUSTOMER'S PREMISES

10.1 COMPANY MAINTENANCE. The Company shall keep in repair and maintain its own property installed on the premises of the Customer.

10.2 CUSTOMER'S RESPONSIBILITY. The Customer shall be responsible for safekeeping of the Company's property while on the Customer's premises. In event of injury or destruction of any such property the Customer shall pay the costs of repairs and replacement.

10.3 PROTECTION BY CUSTOMER. The Customer shall protect the equipment of the Company on the Customer's premises, and shall not permit any person, except a Company employee having a standard badge of the Company or other Company identification, to break any seals upon, or do any work on, any meter, service-supply pipe or other equipment of the Company located on the Customer's premises.

10.4 TAMPERING. In the event of the Company's meters or other property being tampered or interfered with, the Customer being supplied through such equipment shall pay the amount which the Company may estimate is due for service used but not registered on the Company's meter, and for any repairs or replacements required, as well as for costs of inspections, investigations, and protective installations.

10.5 RIGHT OF ACCESS. The Company's identified employees shall have access to the premises of the Customer at all reasonable times for the purpose of reading meters and disconnecting service, and for installing, testing, inspecting, repairing, removing or changing any or all equipment belonging to the Company.

10.6 OWNERSHIP AND REMOVAL. All equipment supplied by the Company shall remain its exclusive property, and the Company shall have the right to remove the same from the premises of the Customer at any time after the termination of service from whatever cause.

10.7 RELOCATION OF COMPANY FACILITIES REQUESTED BY NON-RESIDENTIAL PROPERTY OWNERS. Except as otherwise provided by law (e.g., 66 Pa. C.S. Section 2704 et seq.), a non-residential property owner, such as a builder, developer or contractor (Owner), shall compensate the Company for the costs of relocation of Company facilities or equipment, made for the accommodation of the Owner or in fulfillment of the Owner's obligation to any public authority. A request for relocation of Company facilities shall be in writing.

Where the relocation is done in conjunction with construction of a supply line to a development, the Company shall include in the relocation cost those costs caused by the Owner's request. Such relocation costs are not part of the capital investment toward supplying service and are, therefore, not included in the revenue test with which the line extension contribution is calculated.

The Company will notify the Owner in writing of the relocation cost. Advance payment of relocation costs will be required before the Company will commence the work, except, at the sole discretion of the Company, under special circumstances.

RULES AND REGULATIONS - Continued

11. TARIFF OPTIONS ON APPLICATIONS FOR SERVICE

11.1 CHOICE OF RATE. Where the class of service-supply or conditions of use are such that two or more rates are available, an applicant shall select the rate or rates to be applied to the applicant's service.

11.2 COMPANY ASSISTANCE. The Company upon request will, to a reasonable extent, assist an applicant in selecting the most advantageous rate or rate application.

11.3 RATE CHANGES. A Customer may not change rates during the "initial contract term" as defined in the "Definition of Terms and Explanation of Abbreviations" section above. At any other time, a Customer may change to a rate for which the Customer qualifies upon 30 days notice to the Company. The new rate will be effective the next meter reading date after Company approval.

The Company will not make any rate change retroactive, unless the Company failed to adequately respond to a Customer's request for assistance or modification at the time of such request.

RULES AND REGULATIONS - Continued

12. SERVICE CONTINUITY

12.1 REGULARITY OF SUPPLY. The Company will use reasonable diligence to provide a continuous, regular and uninterrupted supply of service; but, should the supply be curtailed or interrupted by the Company because of gas shortage, or for the purpose of making repairs, changes or improvements, in any part of its system for the general good of the service or the safety of the public, or should the supply of service be interrupted, or fail, by reason of accident, strike, legal process, state or municipal interference, or any cause whatsoever, beyond its control, the Company shall not be liable for damages, direct or consequential, resulting from such interruption or failure. If the supply of service to a firm service Customer is interrupted for more than seven consecutive days, the Customer's bill will be prorated for the month during which this interruption occurs.

12.2 ADDITIONAL LIMITATIONS OF LIABILITY IN CONNECTION WITH CUSTOMER CHOICE. Other than its duty to deliver natural gas, the Company shall have no other duty or liability to a Customer receiving Competitive Natural Gas Supply arising out of or relating to a contract or other relationship between such Customer and an NGS. The Company shall implement Low Volume Customer selection of an NGS consistent with applicable rules of the Commission and shall have no liability to a Low Volume Customer receiving Competitive Natural Gas Supply arising out of or relating to switching NGSs unless the Company is negligent in switching or failing to switch a Customer. The Company shall have no duty or liability with respect to natural gas before it is delivered by an NGS to a point of delivery on the Company's distribution system. After its receipt of natural gas at the point of delivery the Company shall have the same duty and liability for distribution service to Customers receiving Competitive Natural Gas Supply as to those purchasing natural gas from the Company.

12.3 CURTAILMENT OF SERVICE.

a. Priority of Service. When the amount of gas supplied to the Company is insufficient to supply all Customers, the available gas shall be allocated to Customers in accordance with the priorities of use listed below. Customers in a higher priority shall not be curtailed until all Customers falling into the lower classifications have been completely curtailed. Where only partial curtailment of any one classification is required, implementation should be pro rata, that is, weighted in accordance with the base allotments of the Customers within that classification. Following are the priority categories listed in descending order:

- (1) Residential and firm critical commercial essential human needs.
- (2) Firm small commercial requirements, excluding critical essential human needs requirements in Category 1, and firm large commercial and industrial requirements for plant protection.
- (3) Firm small industrial requirements.
- (4) Firm large critical commercial and industrial requirements, excluding firm critical commercial essential human needs requirements in Category 1.
- (5) Firm large non-critical commercial and industrial requirements other than requirements for boiler fuel use.
- (6) Firm large non-critical commercial and industrial requirements for boiler fuel use.
- (7) Contractually interruptible use.

b. Definitions Applicable. The definition for terms used in the Curtailment of Service Rule are as follows:

- (1) Alternate Fuel Capability. The ability to use an alternate fuel whether or not the facilities for such use have actually been installed. For purposes of this definition, alternate fuel means any fuel other than natural gas, propane or other gaseous fuel.
- (2) 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 and shall include Customers in Standard

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Industrial Classification Codes 01 through 09, 15 through 19, and 49 through 99. Commercial use shall not include use of gas for manufacturing or electric power generation.

- (3) Critical Use. 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.
- (4) Essential Human Needs Use. Gas usage by Customers without alternate fuel capability for service to any buildings where persons normally dwell including, but not limited to, apartment houses, dormitories, hotels, hospitals and nursing homes as well as the use of natural gas by sewage plants.

(Continued)

RULES AND REGULATIONS - Continued

12. SERVICE CONTINUITY - Continued

- (5) Firm Service. Service pursuant to schedules or contracts under which the Company is expressly or impliedly 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 impliedly obligated to deliver specific volumes where the Company has by any means previously or presently established periodic allocations for its Customers.
- (6) Industrial Use. Gas usage by Customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power and shall include Customers in Standard Industrial Classification Codes 10 through 14 and 20 through 39.
- (7) Interruptible Service. Service pursuant to schedules or contracts under which the Company expressly or impliedly reserves the option to interrupt or curtail deliveries.
- (8) 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 Customer has alternate fuel capability.
- (9) 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.
- (10) Residential Use. Gas usage in a residential dwelling or unit for space heating, air conditioning, cooking, water heating, or other domestic purposes.
- (11) Large Commercial and Industrial Customers. Commercial and industrial Customers with base period volumes of 72,000 Mcf per year or greater.
- (12) Small Commercial and Industrial Customers. Commercial and industrial Customers with base period volumes of less than 72,000 Mcf per year.

c. Base Period Volumes. To provide for the equitable allocation of gas available for sale to firm Customers, monthly base period volumes shall be established for each Customer whose usage exceeded an annual volume of 72,000 Mcf in the base period of 12 months from January 1, 1973 through December 31, 1973.

The base period volume shall be further divided by the Company into the base volumes for each priority of use in Categories 4, 5, 6 and 7. For the purpose of breaking down base period volumes into their appropriate curtailment priority category, each affected commercial and industrial Customer shall furnish such historic consumption and equipment data as the Company may require.

Base period volumes shall be adjusted: (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 February 15, 1972 without the approval of the Company as well as volumes consumed under temporary authorization.

Where the Company has entered into a contract specifying an annual volume of gas to be delivered, and that volume is less than the calculated base period volume, the annual contractual volume shall be deemed to be the annual base period volume.

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RULES AND REGULATIONS - Continued

12. SERVICE CONTINUITY - Continued

d. 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 the amount of gas supplied to the Company 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 and/or service in accordance with this rule without thereby incurring any liability for any loss, injury or expense that may be sustained by the Customer.

e. Penalty Provisions for Excess Takes. The provisions of these 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.

If at the end of a monthly billing period a Customer has exceeded 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 Excess Take</u>
Greater than 103% but not in excess of 110%.	\$25 per Mcf
Greater than 110% but not in excess of 125%.	\$25 per Mcf
Greater than 125%.	\$30 per Mcf

There shall be excluded from the volumes subject to penalty under this provision, volumes for which the Customer has previously been penalized pursuant to over-runs of emergency curtailment (Section g. of this Rule).

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 Customers 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 Customers in that priority for that month.

f. Disposition of Penalties. As of December 31 of each year, the Company shall subtract the total of all over-run 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 over-runs, all penalties collected in excess of those paid by the Company to its Suppliers.

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RULES AND REGULATIONS - Continued

12. SERVICE CONTINUITY - Continued

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.

The Company will make periodic reports to the Commission containing itemized statements, status of penalty accounts and the extent and nature of disbursements from such accounts made during that period.

g. 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. The Commission is to be notified immediately of the declaration of any emergency situation.

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 a Percentage of Emergency Authorized Consumption</u>	<u>Penalty for Excess Takes</u>
Greater than 103%	\$25 per Mcf

12.3 NOTICE OF TROUBLE. The Customer must immediately notify the Company if there is any defect, leak, trouble or accident affecting the supply of gas.

RULES AND REGULATIONS - Continued

13. CUSTOMER'S USE OF SERVICE

13.1 RESALE OF SERVICE. As of January 5, 1980, the resale of gas and/or service provided by the Company is prohibited for Customers who receive gas service from the Company through a master meter and resell it to individual dwelling units by the use of submeters. Customers receiving service prior to January 5, 1980, may resell gas purchased from the Company through a single master meter if the purchased gas is: (1) for the total requirements of the premises served and (2) the use of the resold gas conforms to the availability requirements of this tariff for the Customer's own account.

13.2 FLUCTUATIONS. Gas and/or service must not be used in such a manner as to cause unusual fluctuations or disturbances in the Company's supply system, and, in the case of violation of this rule, the Company may discontinue service, or require the Customer to modify the installation and/or equip it with approved controlling devices.

13.3 ADDITIONAL LOAD. Any additional loads, either connected to existing equipment or new equipment, will not be allowed except by consent of the Company.

13.4 FAILURE TO GIVE NOTICE. Failure to give notice of additions or changes in load or location shall render the Customer liable for any damage to the regulator, meters, or other equipment of the Company, caused by the additional or changed installation.

14. MEASUREMENT

14.1 SUPPLY OF METERS. The measurement of gas usage shall be by meters furnished and installed by the Company. The Company will select the type and make of metering equipment, and may, from time to time, change or alter the equipment, its sole obligation being to supply meters that will accurately and adequately furnish records for billing purposes.

14.2 SPECIAL MEASUREMENTS. The Company shall have the right, at its option and its own expense, to place demand meters, pressure gauges, special meters, or other instruments, on the premises of any Customer for the purpose of determining the adequacy of the Company's service or for making tests of all or any part of the Customer's load.

14.3 METER READING INTERVALS. The Company will read its meters at scheduled regular intervals of one or more months and will render standard bills for the recorded gas usage based upon the time interval between meter readings. Only those bills which cover a period of service of less than 27 days or more than 34 days will be prorated.

14.4 ESTIMATED USAGE. The Company may estimate the amount of gas usage at the premises where access to the meter is not available, or to installations at remote locations, for such number of months as the type of installation, normal regularity of usage, or other circumstances may warrant, and will render bills in standard form based on such estimate and so marked, for the Customer's acceptance. Meter readings will be secured from time to time and billing will be revised when they disclose that the estimate failed to approximate the actual usage. For residential Customers, an actual meter reading will be obtained at least every six months, in accordance with Commission regulations.

14.5 CORRECTION TO STANDARD CONDITIONS. The quantities of gas used may be corrected to standard conditions, namely 60 degrees Fahrenheit temperature and 30 inches of mercury barometric pressure. All methods employed in correcting measurements of gas volume to said standard conditions shall be in accordance with established industry standards.

RULES AND REGULATIONS - Continued

15. TESTS

15.1 METER TESTS. The Company, at its expense, will make periodic tests and inspections of its meters in order to maintain them at a high standard of accuracy.

15.2 REQUEST TESTS. The Company will make additional tests or inspections of its meters at the request of a Customer, or an NGS providing Competitive Natural Gas Supply to a Customer, but reserves the right to charge the Customer or NGS, as applicable, any Commission-approved charge as provided in the Commission's Gas Regulations.

15.3 ADJUSTMENT FOR ERROR. Should any meter become defective or fail to register correctly, the quantity of gas consumed shall be determined by a test of the meter, or by the registration of a meter set in its place during the period next following, or by averaging the amount of gas used for the nearest meter reading period preceding and the meter reading period immediately following the date when the meter was found not to be registering, taking into consideration the character of use by the Customer.

15.4 RESIDENTIAL METER ERRORS. Meter errors in residential service may be determined on the basis of the registration of the corresponding period during the preceding year, if records are available and conditions of use remain the same.

15.5 ADMINISTRATION TESTS. The Company, at its own expense, will make only such tests as it deems necessary for the proper administration of its rates, or as are required by law.

15.6 TESTING SERVICE. The Company will, upon request by the Customer, make tests to supply special information regarding the Customer's use of service, provided that the estimated cost of such special tests shall be paid by the Customer to the Company in advance.

RULES AND REGULATIONS - Continued

16. PAYMENT TERMS

16.1 BILLING PERIOD. Billing for service will be based upon the amount of use and the time interval of its supply. Rate values stated for direct application to monthly periods will be adjusted when the time elapsed between readings is substantially greater or less than a month.

16.2 BILLING OPTIONS. A Low Volume Customer may select one of the following two billing options: (1) Consolidated NGDC Billing; or (2) Separate NGS Billing. If a Low Volume Customer does not make a selection, the Customer shall receive Consolidated NGDC Billing.

16.3 PAYMENT PERIOD. Bills are payable upon presentation, and payment may be made at any commercial office of the Company or at any authorized payment agency. Payment for service received must be made on or before the due date shown on the bill, which shall be not less than 20 days from the date of transmittal of the bill for Rate GR, GC and OL (excluding Summary Billing Accounts); not less than 15 days from the date of transmittal of the bill for all other rates, including Summary Billing Accounts, with the exception of accounts (including Summary Billing Accounts) with the United States of America or the Commonwealth of Pennsylvania or any of their departments or institutions for which 30 days will be allowed. If a normal due date should fall on a Saturday, Sunday, bank holiday, or any other day when the offices of the Company which regularly receive payments are not open to the general public, the due date shall be extended to the next business day. The payment period will not be extended because of the Customer's failure to receive a bill unless said failure is due to the fault of the Company.

16.4 FINANCE CHARGE. If payment may be made at a Company office or authorized payment agency after the due date shown on the bill, a finance charge will be added to the unpaid balance until the entire bill is paid. If payment is made by mail, the finance charge will be added if the payment is received by the Company more than 5 days after the due date shown on the bill. For Rates GR, GC and OL, this finance charge will be 1-1/4% per month; for all other rates the finance charge will be 2% per month.

16.5 BUDGET BILLING

(a) At the option of a Customer receiving service under Rates GR, GC, and OL, an estimated total bill for all service to be received by the Customer over a twelve-month period may be budgeted over the period and an average bill rendered monthly for payment each month, and such monthly budget bill will not be subject to finance charges. Any difference between the budgeted amounts so paid and the actual charges for the twelve-month budget period will be adjusted in the twelfth month. If a monthly budget bill is not paid, the Customer will be notified with the next monthly budget bill that budget billing will be terminated unless payment of the past due budget bill is made on or before the due date of the current budget bill. If budget billing is terminated, a finance charge of 1-1/4% per month will be added to the unpaid balance of actual charges on the next billing date in accordance with Rule 16.4.

(b) When the Company provides Consolidated NGDC Billing, the NGSs charges will be included in the Customer's Budget Billing Plan if the Customer and NGS so indicate. In such circumstances, the Company will separately track the Customer's NGDC and NGS charges and, upon payment from the Customer, remit NGS charges to the NGS as billed.

16.6 CALCULATION OF FINANCE CHARGE. Where a finance charge is applicable, the amount of the finance charge to be added to the unpaid balance shall be calculated by multiplying the unpaid past due balance, exclusive of any previous unpaid finance charges, by the appropriate finance charge rate. Finance charges shall be applied to all charges when the Company is providing Supplier of Last Resort service and to the Fixed Distribution Service Charges, Variable Distribution Service Charges and any applicable service charges when the Customer has selected an NGS. The Company will apply finance charges to NGS charges at the NGS's electronic request when the Company is performing billing services for the NGS.

16.7 APPLICATION OF PAYMENT. When the Company provides Consolidated NGDC Billing or SLR (Sales) Service and a Low Volume Customer remits a partial payment to the Company, the payment will be applied as follows:

1. Outstanding pre-Gas Choice balance due, or the installment amount of a payment agreement on this balance;
2. Post Gas Choice balance due, or the installment amount for a payment agreement, for Fixed and Variable Distribution Charges;

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3. Current Fixed and Variable Distribution Service Charges;
4. Balance due for prior supply charges;
5. Current supply charges;
6. Non-basic service charges; and
7. Hardship Energy Fund Contributions.

16.8 RETURNED CHECK CHARGE. If a check received in payment of a Customer's account is returned to the Company unpaid by the Customer's bank and cannot be redeposited by the Company for payment on the second attempt, a \$20.00 charge for the returned check will be added to the Customer's account.

16.9 BILLING ERRORS. When the Company provides Consolidated NGDC Billing, the Company shall not be responsible for billing errors resulting from incorrect information received from an NGS.

16.10 PAYMENT ARRANGEMENTS. The Company will negotiate payment arrangements with Low Volume Customers on the portion of the past due amount attributable to the Company's charges, but will not negotiate payment arrangements on behalf of an NGS.

RULES AND REGULATIONS - Continued

17. TERMINATION BY THE COMPANY

17.1 NON-PAYMENT SHUT-OFF. On reasonable notice, the Customer is subject to collection action, including termination of service (in accordance with the Commission's Chapter 56 regulations, as applicable) on the portion of the past due amount attributable to the Company's charges for service and/or gas commodity. Upon termination of service, the Company may also remove its equipment. Notice that complies with applicable Commission regulations shall conclusively be considered "reasonable hereunder".

17.2 SHUT-OFF FOR CAUSE. The Company may terminate on reasonable notice if entry to its meter or meters is refused or if access thereto is obstructed or hazardous; or if utility service is taken without the knowledge or approval of the Company; or for other violation of these Rules and/or applicable Commission rules (including those found at 52 Pa. Code Chapter 56).

17.3 SAFETY SHUT-OFF. The Company may terminate without notice if the Customer's installation has become hazardous or defective.

17.4 DEFECTIVE EQUIPMENT SHUT-OFF. The Company may terminate without notice if the Customer's equipment or use thereof might injuriously affect the equipment of the Company, or the Company's service to other Customers.

17.5 SHUT-OFF FOR FRAUD. The Company may terminate without notice for abuse, fraud, or tampering with the connections, meters, or other equipment of the Company.

17.6 RECONNECTION CHARGE. If service is discontinued by reason or act of the Customer, the same Customer, whether an applicant or a ratepayer as defined at 52 PUC Code Section 56.2, shall pay a reconnection charge, as shown below, for restoration of service within twelve months at the same address after discontinuance or termination. The reconnection charge shall be:

- (a) \$30.00 per residential account where disconnection was effected by shutting off at the meter location or at the curb box without digging up service pipe or connection.
- (b) Actual cost for all other cases.

The Company will not condition restoration or reconnection of service on payment of any unpaid charges owed to an NGS, but only on payment of unpaid charges owed to the Company for service and/or gas commodity.

18. UNFULFILLED CONTRACTS

18.1 NOTICE OF DISCONTINUANCE BY CUSTOMER. Notice to discontinue service prior to the expiration of a contract term will not relieve a Customer from any minimum, or guaranteed, payment under any contract or rate.

18.2 COMPLETION OF TERM. If, by reason of any act, neglect or default of a Customer, the Company's service is suspended, or the Company is prevented from supplying service in accordance with the terms of any contract it may have entered into with the Customer, the minimum charge for the unexpired portion of the contract term shall become due and payable immediately as liquidated damages in lieu of the anticipated returns from the said contract. These liquidated damages may, at the option of the Company, be offset by any estimated revenues from a succeeding Customer at the same location if such exists.

18.3 TEMPORARY SUSPENSION OF SERVICE. A residential Customer may elect to have service temporarily disconnected at the start of a period of suspension and then reconnected at the end of the period by paying a charge of \$30.00. During the period of suspension, the Customer will be relieved of the payment of minimum bills.

RULES AND REGULATIONS - Continued

19. CANCELLATION BY CUSTOMER

19.1 TERMINATION NOTICE. Customers who have fulfilled their initial contract term and wish to discontinue service must give at least 7 days notice to that effect, unless otherwise provided for in a rate schedule or service agreement.

19.2 FINAL BILL. The Customer is liable for service taken after notice to terminate the contract until the meter is read and gas shut off. The final bill for service is then due and payable within 20 days from the date of transmittal of the bill for residential customers and 15 days for non-residential customers.

19.3 EXIT FEES. A Customer, other than a Low Volume Customer, taking firm sales service that transfers to an interruptible service or to firm Transportation Service without firm standby sales service will be required to continue payment of the firm gas supply demand costs allocable to Customer's firm sales service until the Company is able to reduce its contract demand level or otherwise utilize the contract demand allocable to Customer's firm sales service.

20. GENERAL

20.1 OFFICE OF THE COMPANY. Wherever, in this Tariff, it is provided that notice be given or sent to the Company, or the office of the Company, such notice, delivered or mailed, postage prepaid, to any commercial office, shall be deemed sufficient, unless the Main Office of the Company at 2301 Market Street, Philadelphia, is expressly mentioned.

20.2 NO PREJUDICE OF RIGHTS. The failure by the Company to enforce any of the terms of this Tariff shall not be deemed a waiver of its right to do so.

20.3 GRATUITIES TO EMPLOYEES. The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered by them while working for the Company on the Company's time.

20.4 BILLING CHANGES. Where billing changes are made as the result of an investigation made at Customer's request or by routine inspection, the change of billing may be applied to the bill for the regular meter reading period preceding such investigation, and will in any event apply to the bill for the period during which the check is made.

20.5 EXCEPTIONAL CASES. Sales and/or Transportation service shall be subject to the provisions of this Tariff; but where special conditions or problems arise for which provision is not otherwise made, the Company may modify or adapt its terms to meet the peculiar requirements of such case, provided that such modified terms are a rational expansion of standard tariff provisions.

20.6 ASSIGNMENT. Subject to the Rules and Regulations, all contracts made by the Company shall be binding upon, and oblige and ensure to the benefit of, the successors and assigns, heirs, executors, and administrators of the parties thereto.

20.7 OTHER CHARGES. Except as where otherwise provided in this tariff the Company may where feasible, provide and charge for services requested by the Customer or his agent. The Company is not obligated to provide such services. The Company will, if possible, give the Customer an advance written estimate of the costs to provide the service.

21. GAS CHOICE PROGRAM ENROLLMENT AND SWITCHING

In accordance with all applicable final Commission Orders:

21.1 All LVT Customers will be eligible to obtain Competitive Natural Gas Supply starting with their first regularly scheduled meter reading after July 1, 2000.

21.2 The Company will send Gas Choice Release of Information packets to all LVT Customers, which packets will provide Customers the opportunity to authorize the release of their confidential account information.

21.3 Customers may select a Supplier, as often as monthly, in accordance with Commission Orders and the procedures contained in this Tariff and in the Supplier Coordination Tariff.

21.4 If a Customer, or agent authorized to act on the Customer's behalf, contacts the Company via telephone to select a Supplier, the Company will advise the Customer or agent to contact the selected Supplier to submit the required electronic enrollment file.

21.5 For a Customer's enrollment to become effective on the Customer's next regularly scheduled meter read date, the Supplier must submit the required electronic file at least sixteen (16) days prior to said meter read date.

21.6 If, in any month, a Customer selects more than one Supplier, the Supplier that submitted to the Company, before the end of the applicable Supplier selection period, the Supplier enrollment file with the latest valid Supplier contract will become the Customer's Supplier of record.

21.7 The Company will send a confirmation notice to all Customers who have made a Supplier selection by the next business day after receiving the Customer's enrollment file from the Supplier. This confirmation shall include notification of a ten (10) day waiting period in which the Customer may cancel its selection of an Supplier. The waiting period shall begin on the date the Company confirmation is mailed to the Customer. If the ten (10)-day waiting period expires, and the Customer has not contacted the Company to dispute the Supplier selection, the Supplier will become the Customer's Supplier of record.

21.8 If the Customer elects to rescind its Supplier selection, the Company will notify the rejected Supplier electronically via an approved EDI transaction. In the event the Customer rescinds its Supplier selection after the ten (10) day waiting period, the Customer will be required to remain with the selected Supplier for a minimum of one billing cycle.

21.9 If at least sixteen (16) days prior to the Customer's next regularly scheduled meter read date, a Customer contacts the Company to request a switch from a Supplier to the Company's (SLR) Sales Service, the request will be effective as of that meter read date and the Company as the supplier of-last resort will become the Supplier of record for delivery.

21.10 In the event the Customer requests a switch less than sixteen (16) days before the Customer's next regularly scheduled meter read date, the switch will be effective as of the next following meter read date.

21.11 If, other than at the end of a billing cycle, and because of an NGS's default, an NGS terminates sales to a Customer prior to the end of the Customer's contract with the NGS, for gas supply provided through the end of the relevant billing cycle, said Customer will pay the NGS's contract rate in accordance with information filed by the NGS with the Commission.

22. USAGE DATA

At the request of the Customer, or at the request the Customer's designated Supplier or authorized agent, the Company will supply twelve (12) individual months of historical usage data for no charge. Any additional historical information requested will be provided, if available, for a fee of ninety two dollars (\$92.00) per provision.

23. AFFILIATED MARKETER STANDARDS OF CONDUCT

PECO Energy and its affiliated natural gas supplier shall comply with the following requirements:

- (1) A natural gas distribution company shall apply its tariffs in a nondiscriminatory manner to its affiliated natural gas supplier and any nonaffiliated natural gas supplier.
- (2) A natural gas distribution company shall not apply a tariff provision in any manner that would give its affiliated natural gas supplier an unreasonable preference over other natural gas suppliers with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, or nondelivery, and all other services provided to its affiliated natural gas supplier.
- (3) Mandatory tariff provisions shall not be waived by a natural gas distribution company for any natural gas suppliers absent prior approval of the Commission.
- (4) If a tariff provision is not mandatory or provides for waivers, a natural gas distribution company shall grant the waivers without preference to its affiliated natural gas supplier or non-affiliated natural gas supplier.
- (5) A natural gas distribution company shall maintain a chronological log of tariff provisions for which it has granted waivers. Entries shall include the name of the party receiving the waiver, the date and time of the request, the specific tariff provision waived and the reason for the waiver. The chronological log shall be open for public inspection during normal business hours.
- (6) A natural gas distribution company shall process requests for distribution services promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period. A natural gas distribution company shall maintain a chronological log showing the processing of requests for transportation services. The chronological log shall be open for public inspection during normal business hours.
- (7) If a natural gas distribution company provides a distribution service discount, fee waiver or rebate to its favored customers, or to the favored customers of its affiliated natural gas supplier, the natural gas distribution company shall offer the same distribution service discount, fee waiver or rebate to other similarly situated customers. Offers shall not be tied to any unrelated service, incentive or offer on behalf of either the natural gas distribution company or its affiliated natural gas supplier. A chronological log shall be maintained showing the date, party, time and rationale for the action. The chronological log shall be open for public inspection during normal business hours.
- (8) Subject to customer privacy or confidentiality constraints, a natural gas distribution company shall not disclose, directly or indirectly, any customer proprietary information to its affiliated natural gas supplier unless authorized by the customer. To the extent that a natural gas distribution company does disclose customer information without customer authorization, it shall contemporaneously provide this same information to other similarly situated natural gas suppliers in a similar fashion so as not to selectively disclose, delay disclosure, or give itself or its affiliated natural gas supplier any advantage related to the disclosure. A chronological log shall be maintained showing the date, time and rationale for the disclosure. The chronological log shall be open for public inspection during normal business hours.
- (9) A natural gas distribution company shall justly and reasonably allocate to its affiliated natural gas supplier the costs or expenses for general administration or support services provided to its affiliated natural gas supplier.
- (10) Natural gas distribution companies shall not condition or tie the provision of any product, service or price agreement by the natural gas distribution company (including release of interstate pipeline capacity) to the provision of any product or service by its affiliated natural gas supplier.
- (11) A natural gas distribution company shall not give its affiliated natural gas supplier preference over a non-affiliated natural gas supplier in the provision of goods and services including processing requests for information, complaints and responses to

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service interruptions. Natural gas distribution companies shall provide comparable treatment in its provision of such goods and services without regard to a customer's chosen natural gas supplier.

- (12) A natural gas distribution company and its affiliated natural gas supplier shall maintain separate books and records. Further, transactions between the natural gas distribution company and its affiliated natural gas supplier shall not involve cross-subsidies. Any shared facilities shall be fully and transparently allocated between the natural gas distribution company function and the affiliated natural gas supplier function. The natural gas distribution company accounts and records shall be maintained such that the costs incurred on behalf of an affiliated natural gas supplier may be clearly identified.
- (13) Natural gas distribution company employees who have responsibility for operating the distribution system, including natural gas delivery or billing and metering, shall not be shared with an affiliated natural gas supplier, and their offices shall be physically separated from the office(s) used by those working for the affiliated natural gas supplier. Such natural gas distribution company employees may transfer to an affiliated natural gas supplier provided such transfer is not used as a means to circumvent these interim standards of conduct.
- (14) Neither the natural gas distribution company nor its affiliated natural gas supplier shall directly or by implication, falsely and unfairly represent to any customer, natural gas supplier or third party that an advantage may accrue to any party through use of the natural gas distribution company's affiliates or subsidiary, such as:
- That the Commission regulated services provided by the natural gas distribution company are of a superior quality when services is purchased from its affiliated natural gas supplier; or
 - That the merchant services (for natural gas) are being provided by the natural gas distribution company when they are in fact being provided by an affiliated natural gas supplier;
 - That the natural gas purchased from a non-affiliated natural gas supplier may not be reliably delivered;
 - That natural gas must be purchased from an affiliated natural gas supplier to receive Commission regulated services.
- (15) When affiliated natural gas supplier market or communicate to the public using the natural gas distribution company name or logo, it shall include a legible disclaimer that states:
- That the affiliated natural gas supplier is not the same company as the natural gas distribution company;
 - That the prices of the affiliated natural gas supplier are not regulated by the Pa PUC; and
 - That a customer does not have to buy natural gas or other products from the affiliated natural gas supplier in order to receive the same quality service from the natural gas distribution company.
- When an affiliated natural gas supplier advertises or communicates verbally through radio or television to the public using the natural gas distribution company name or logo, the affiliated natural gas supplier shall include at the conclusion of any such communication a legible disclaimer that includes all of the disclaimers listed in this paragraph.
- (16) Except in competitive bid situations a natural gas distribution company shall not (a) jointly market or jointly package its Commission regulated services with the services of an affiliated natural gas supplier or (b) offer or provide to its affiliated natural gas supplier products or services, including bill inserts in its natural gas distribution company bills promoting an affiliated natural gas supplier's services or a link from the natural gas distribution company's web-site, unless the natural gas distribution company offers or

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provides the products or service to all non-affiliated natural gas supplier on the same terms and conditions.

- (17) A natural gas distribution company shall not offer or sell natural gas commodity or capacity to its affiliated natural gas supplier without simultaneously posting the offering electronically on a source generally available to the market or otherwise making a sufficient offer to the market. The natural gas distribution company shall maintain a chronological log of these public disseminations. The chronological log shall be open for public inspection during normal business hours.
- (18) Natural gas distribution companies shall establish and file with the Commission a complaint procedure for dealing with any alleged violations of any of the standards of conduct, with the exception of paragraph (9), which are exclusively under the purview of the Commission. These procedures shall be developed in consultation with interested parties during consideration of any tariff guided by this section and §69.191 (relating to general). The Commission may grant an exception to these requirements if warranted by the facts or circumstances.
- (19) A natural gas distribution company shall keep a chronological log of any complaints, excepting paragraph (9), regarding discriminatory treatment of natural gas suppliers. This chronological log shall include the date and nature of the complaint and the resolution of the complaint. The chronological log shall be open for inspection during normal business hours.
- (20) Dispute Resolution Procedures: In addition to the procedure set forth in paragraph 18:
- Any dispute between a natural gas supplier, and/or an affiliated natural gas supplier, and a non-affiliated natural gas supplier alleging a violation of any of these Standards of Conduct provisions, the natural gas supplier must provide the natural gas distribution company and/or affiliated natural gas supplier, as applicable, a written Notice of Dispute that includes the names of the Parties and Customer(s), if any, involved and a brief description of the matters in dispute.
 - Within five (5) days of a natural gas distribution company's and/or affiliated natural gas supplier's receipt of a Notice of Dispute, a designated senior representative of each of the Parties shall attempt to resolve the dispute on an informal basis.
 - In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. A party may request mediation prior to that time if it appears that informal resolution is not productive.
 - If mediation is not successful, then the matter shall be converted to a formal proceeding before a Commission Administrative Law Judge.
 - Any Party may file a complaint concerning the dispute with the Commission under relevant provisions of the Public Utility Code.
 - Parties alleging violations of these standards may pursue their allegations through the Commission's established complaint procedures. A complainant bears the burden of proof consistent with 66 Pa. C.S. §332 (relating to Public Utility Code) in regard to the allegations and may impose penalties for such violations pursuant to 66 Pa.C.S. § 3301.
- (21) A natural gas distribution company shall file a compliance filing within sixty (60) days of the entry of an order approving or modifying a restructuring plan, which sets forth a detailed plan for compliance with this Standard of Conduct as well as the Commission separation and cost allocation requirements already ordered.

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(22) Every natural gas distribution company and its affiliated natural gas supplier shall formally adopt and implement these provisions as company policy and shall take appropriate steps to train and instruct its employees in their content and application.

24. Requests for Energy Efficiency Information

Upon request of a Customer for energy efficiency information, the Company will provide a copy of its then current residential or commercial energy efficiency guide, as applicable.

STATE TAX ADJUSTMENT CLAUSE

In addition to the net charges provided for in this Tariff, a surcharge value of 0.07% will apply to all service on and after June 15, 2000.

Whenever any of the tax rates used in the calculation of the surcharge are changed, the surcharge will be recomputed as prescribed by the Commission. The recalculation will be submitted to the Commission within ten days after the tax rates change occurs and the effective date shall be ten days after filing.

In addition, if a recalculation is submitted as a result of a tax rate change, the Company will thereafter file each year on March 21 annual updates with the Commission which will reflect only this tax change. These annual updates will be effective ten days after filing and will continue until such as the effect of the change in tax rates has been included in base rate.

UNIVERSAL SERVICE FUND CHARGE (USFC)

PROVISIONS FOR RECOVERY OF USFC

In accordance with Paragraph "X" of the Commission-approved Joint Petition for Comprehensive Settlement filed at Docket No. R-00994787, the Company will defer recovery of its universal service costs until June 30, 2002, at which time, provided the merger between PECO Energy and Unicom has been consummated, the Variable Distribution Service Charges for applicable service rates shall be adjusted pursuant to Paragraph 26 of the Commission-approved Joint Petition for Settlement filed at Application Docket No. A-110550F0147.

SALES SERVICE COSTS (SSC) - Section 1307(f)

PROVISIONS FOR RECOVERY OF GAS COSTS RELATED TO SALES SERVICE

Rates for all Sales Service gas supplied under Rate Schedules GR, CAP, GC, OL, L and MV-F, and under the Excess Off-Peak Use Rider of this Tariff shall include the Commodity Charge (CCat \$3.6604 per Mcf (1,000 cubic feet) for recovery of gas costs related to Sales Service, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. In addition, the Gas Cost Adjustment Charge (GCA) in the amount of (\$0.0084) per Mcf will be applicable to Customers served under the above mentioned Rate Schedules. Such rates for Sales Service gas shall be increased or decreased, from time to time, as provided by Section 1307(f) of the Public Utility Code and the Commission's regulations, to reflect changes in the level of recovery of gas costs related to Sales Service.

COMPUTATION OF CC AND GCA PER MCF.

The CC and GCA, per Mcf, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formulas set forth below:

$$CC = \frac{(C)}{(S)} \times \frac{1}{(1 - T)} \quad ; \text{ and}$$

$$GCA = \frac{(E)}{(S)} \times \frac{1}{(1 - T)}$$

The CC and GCA so computed, shall be applicable to Customers receiving Sales Service pursuant to the rate schedules identified above. The CC and GCA, per Mcf, will vary, if appropriate, based upon annual filings by the Company pursuant to Section 1307(f) of the Public Utility Code and such supplemental filings as may be required or be appropriate under Section 1307(f) or the Commission's regulations adopted pursuant thereto.

In computing the Charges, per Mcf, pursuant to the formulas above, the following definitions shall apply:

"CC" - Purchased Gas Costs determined to the nearest one-hundredth cent (0.01¢) to be charged for each Mcf of Sales Service gas supplied under Rate Schedules GR, CAP, GC, OL, L and MV-F, and under the Excess Off-Peak Use Rider of this Tariff.

"C" - Cost in dollars: (a) for all types of purchased gas, project the commodity and all non-storage interstate pipeline costs for each purchase (adjusted for net current gas stored) for the projected period when rates will be in effect; plus (b) the cost of gas provided from storage and LNG facilities, less (c) all reservation and commodity revenue, received from Rate CGS sales and (d) the new monthly cash-out result determined pursuant to Rule 10.11.3, or the successor thereto, of the Gas Choice Supplier Coordination Tariff .

GCA - the "E" factor component of the CC, representing the net overcollection or undercollection of Purchased Gas Costs. Applicable to Sales Service and determined to the nearest one-hundredth cent (0.01¢) for service provided under Rate Schedules GR, GC, CAP, OL, L, MV-F, and the Excess Off-Peak Use Rider of this Tariff.

"E" - the net (overcollection) or undercollection of Purchased Gas Costs applicable to the CC.

The net overcollection or undercollection shall be determined for the most recent period permitted under law, which shall begin with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. The annual filing date shall be the date specified by the Commission for the Company's Section 1307(f) tariff filing.

Customers returning to Sales Service, who were not being charged under the Migration Rider at the time of return, will not be subject to the GCA Charge for twelve (12) months. Customers leaving Sales Service will continue to be subject to the GCA Charge for twelve (12) months pursuant to the terms of the Migration Rider.

Supplier refunds received after July 1, 2001 associated with Commodity Charges will be included in the calculation of "E" with interest added at the annual rate of six percent (6%) beginning with the month such refund is received by the Company.

SALES SERVICE COSTS (SSC) - Section 1307 (f) - Continued

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous 1307(f) GCA.

Interest shall be computed monthly at the rate as provided for in Section 1307(f) of the Public Utility Code from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. The annual interest rate to be applied for net undercollections will be six percent (6%) and eight percent (8%) for net overcollections

"S" - projected Mcf of gas to be billed to Customers receiving Sales Service under Rate Schedules GR, GC, CAP, OL, L & MV-F and Excess Off-Peak Use Rider during the projected period when rates will be in effect.

"T" - the portion of any applicable the state gross receipts tax rate recovered through base rates, expressed as a decimal. The tax rate, if any, shall be the one in effect when the computation is made.

"Purchased Gas Costs" - Include the direct costs paid by the Company for the purchase and delivery of natural gas (which also includes liquefied natural gas, synthetic natural gas, and natural gas substitutes, excluding propane, the cost of which is included in the Balancing Service Costs) to its system to supply its Customers (plus such portion of the Company's used and unaccounted for gas as the Commission permits), including costs paid under agreements to purchase natural gas from sellers; costs paid for transporting natural gas to its system; all charges, fees, taxes and rates paid in connection with such purchases, pipeline gathering, and transportation; and costs paid for employing futures, options and other risk management tools.

QUARTERLY UPDATES

The Company's rates for recovery of gas costs related to Sales Service are also subject to quarterly adjustments under procedures set forth in Section 1307 (f) of the Public Utility Code and in the Commission's regulations. Such updates shall reflect, adjustments for under or overcollections and, adjustments to the projected cost of gas related to Sales Service based upon more current versions of the same sources of data and using the same methods to project the gas costs related to Sales Service approved by the Commission in the Company's most recent annual proceeding for recovery of gas costs related to Sales Service under section 1307 (f).

OFF-SYSTEM SALES SHARING MECHANISM

The rate for Sales Service gas as determined above shall be adjusted to reflect the operation of the off-system sales sharing mechanism set forth herein. This mechanism shall take effect April 1, 1995. Until March 31, 2000, the net proceeds of such sale shall be allocated 75% to Sales Customers and 25% to the Company (with the 25% computed on a pre-income tax basis, "below the line" for ratemaking purposes). Revenues received by PECO Energy from third party storage management services and revenues from exchanges or swaps of gas, excluding the Customer's share of such revenue attributable to use or management of storage or related storage transportation capacity by customers not connected to the Company's system (which revenue shall be included in the Balancing Service Costs E factor, shall be included as off-system sales revenues. Effective April 1, 2000, PECO Energy will be permitted to retain 25% of off-system sales margin revenues up to the first \$4 million in margin revenues, and PECO Energy will be permitted to retain 30% of off-system sales margin revenues for margin revenues over \$4 million, with said sharing mechanism to continue in effect until March 31, 2002¹ at which time it will terminate absent further order of the Commission. Net proceeds for sales of gas which is taken from system supply are defined as the unit revenue less the monthly weighted average commodity cost of gas, less any applicable taxes other than income taxes, and less applicable release value for comparable transportation capacity. Net proceeds for specific purchase sales (sales where a specific gas supply has been purchased to make a sale) shall be defined as the unit revenue less the specific purchase commodity cost of gas, less any applicable taxes other than income taxes, and less applicable release value for comparable transportation capacity. Specific purchase sales will have no impact on the cost of system supply. Off-system sales for operational purposes such as for meeting mandatory storage withdrawals are excluded from the mechanism. The calculations under this mechanism shall be subject to audit and to review in annual 1307(f) proceedings.

NYMEX-BASED PURCHASES INCENTIVE MECHANISM

The rate for Sales Service gas as determined above shall be adjusted to reflect the operation of the NYMEX-based purchases incentive mechanism set forth herein. This mechanism shall take effect April 1, 1995 and continue in effect through March 31, 2001, for each the "E" factor periods covered by purchases incentive mechanism set forth herein. This mechanism shall take effect April 1, 1995, with parts (1) and (2) in effect through March 31, 1998 and part (3) effective April 1, 1998 through March 31, 1999: (1) the net benefit of NYMEX-based purchases versus the default price up to \$1 million in each "E" factor period shall be shared 50%/50% between Sales Customers and the Company and the excess over \$1 million in each period shall be retained by the Company (computed on a pre-income tax basis, "below the line" for ratemaking purposes); (2) the net detriment of NYMEX-based purchases versus the default price up to \$1 million in each period shall be shared 50%/50% between Sales Customers and the Company and the excess over \$1 million in each period shall be paid by the Company to Sales Customers; (3) and commencing April 1, 1998, the net benefit and the net detriment, as defined above and up to an amount of \$2,000,000 will be shared 75% to Sales customers and 25% to the Company, while annual amounts in excess of \$2,000,000 will be borne or retained by PECO Energy. This mechanism will terminate March 31, 2001, absent further order of the Commission. The default

price is the contract price of gas that would have applied if the NYMEX-based purchase had not been made. The calculations under this mechanism shall be subject to audit and to review in annual 1307(f) proceedings.

SALES SERVICE COSTS (SSC) - Section 1307 (f) - Continued

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECTIFICATION.

The Company's annual Section 1307(f) filing or its annual reconciliation statement shall be submitted to the Commission by June 1 of each year, or such other time as the Commission may prescribe by order or by regulation.

The Company shall notify the Commission of any change in the price of purchased gas from any supplier, which change would cause an increase or decrease of more than one per cent (1%) in the "C" factor, defined above. Such notification will be given within thirty (30) days after the effective date of such change in price, or as soon as reasonably practical thereafter.

BALANCING SERVICE COSTS (BSC)- Section 1307(f)PROVISIONS FOR RECOVERY OF BALANCING SERVICE COSTS.

Distribution rates for Balancing Service for all gas delivered under Rate Schedules GR, CAP, GC, OL, L and MV-F, and under the Excess Off-Peak Use Rider of this Tariff shall be charged at \$0.3374 per Mcf (1,000 cubic feet) for recovery of those costs, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. Such rates for Balancing Service shall be increased or decreased, from time to time, as provided by Section 1307(f) of the Public Utility Code and the Commission's regulations, to reflect changes in the level of recovery of Balancing Service Costs.

COMPUTATION OF BALANCING SERVICE COSTS PER MCF

Balancing Service Costs, per Mcf, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$\text{BSC} = \frac{(C - E)}{(S)} \times \frac{1}{(1 - T)}$$

Projected Balancing Service Costs, so computed, shall be charged to Customers for all gas delivered pursuant to the rate schedules identified above. The amount of those costs, per Mcf, will vary, if appropriate, based upon annual filings by the Company pursuant to Section 1307(f) of the Public Utility Code and such supplemental filings as may be required or be appropriate under Section 1307(f) or the Commission's regulations adopted pursuant thereto.

In computing the Balancing Service Costs, per Mcf, pursuant to the formula above, the following definitions shall apply:

"BSC" - Balancing Service Costs determined to the nearest one-hundredth cent (0.01¢) to be charged to each Mcf of gas delivered under Rate Schedules GR, GC, OL, L and MV-F, and under the Excess Off-Peak Use Rider of this Tariff.

"C" - Cost in dollars: for all types of storage and related services, project the cost for the projected period when rates will be in effect.

"E" - the net overcollection or undercollection of Balancing Service Costs.

The net overcollection or undercollection shall be determined for the most recent period permitted under law, which shall begin with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. The annual filing date shall be the date specified by the Commission for the Company's Section 1307(f) tariff filing.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous Balancing Service Costs Rate.

Interest shall be computed monthly at the rate as provided for in Section 1307(f) of the Public Utility Code from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. The annual interest rate to be applied for net under collections will be six percent (6%) and eight percent (8%) for net overcollections.

As otherwise described in the Sales Service Costs section "Off-System Sales Sharing Mechanisms", the portion of margin revenue attributable to certain balancing assets shall be included in the calculation of "E".

Supplier refunds received prior to July 1, 2001 will be included in the calculation of "E" with interest added at the annual rate of six per cent (6%) beginning with the month such refund is received by the Company.

"S" - projected Mcf of gas to be delivered to Customers during the projected period when rates will be in effect.

"T" - the portion of any applicable state gross receipts tax rate recovered through base rates, expressed as a decimal. The tax rate, if any, shall be the one in effect when the computation is made.

Balancing Service Costs - fixed and variable storage costs and the cost of propane to be charged to all customers served under Rate Schedules GR, GC, OL, L, MV-F and under the Excess Off-Peak Use Rider of this Tariff.

QUARTERLY UPDATES

The Company's rates for recovery of Balancing Service Costs are also subject to quarterly adjustments under procedures set forth in the Commission's regulations at 52.Pa. Code 53.64 (1) (5). Such updates shall reflect adjustments for under or over collections and adjustments to the projected cost of Balancing Services based upon more current versions of the same sources

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of data and using the same methods to project the Balancing Service Costs approved by the Commission in the Company's most recent annual proceeding for recovery of Balancing Service Costs under section 1307 (f) of the Public Utility Code.

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECTIFICATION.

The Company's annual Section 1307(f) filing or its annual reconciliation statement shall be submitted to the Commission by June 1 of each year, or such other time as the Commission may prescribe by order or by regulation.

MIGRATION RIDER

1. This rider provides a method under Section 1307 (f) of the Public Utility Code for recovery of the experienced net over/under collection of purchased gas costs from Customers who switch from Sales Service to Transportation Service on or after the effective date of this rider.

2. The Migration Rider Rate shall equal the current Section 1307(f) Gas Cost Adjustment Charge (GCA) component of the Sales Service rate.

Revenue or refunds under this rider will be reflected in the Company's Section 1307(f) GCA Mechanism.

3. This rider shall be applicable to Customers served under Rate Schedules GR, CAP, GC, OL, MV-F, L and Off-Peak Use Rider for 12 months from the date upon which the Customer last switched from the Company's Sales Service to Transportation Service.

TRANSITION SURCHARGE

Non-gas transition costs associated with FERC Order 636 will be recovered by a Transition Surcharge applicable to all volumes of gas delivered under the rates listed below, excluding general interdepartmental usage.

<u>RATE</u>	<u>TRANSITION SURCHARGE</u>
GR,GC,OL,L,MV-F,MV-I,IS TCS, Excess Off-Peak Use Rider	\$0.0070 per Mcf
TS-I, TS-F	\$0.0070 per Mcf

Computation of the Transition Surcharge factors will be in accordance with the following procedure pursuant to Section 1307(a) of the Public Utility Code.

1. Transition costs are defined as the actual non-gas FERC Order 636 costs billed to the Company by its pipeline suppliers or approved in accordance with Federal Energy Regulatory Commission (FERC) actions and regulations, which have not otherwise been recovered by the Company.
2. Once the surcharge is in place it will be recomputed effective March 1, June 1, September 1, and December 1 of each year and will be filed with the Commission 10 days prior to the effective date, subject to PUC review and audit. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the total transition costs to be recovered by the estimated throughput in Mcf for the application period. Throughput is defined as total volumetric sales of gas and gas delivered under transportation service, excluding general interdepartmental usage. Application period is defined as the period of time over which transition costs are to be recovered. This period will normally be 12 months. The initial application period will commence with the effective date of the original surcharge filing and terminate February 28, 1995.
3. A reconciliation of over/under recovery of transition costs compared with revenues received will be made after the close of each application period. For this reconciliation the Company will impute as revenue received the product of the factor developed in Paragraph 2 multiplied by the actual throughput. Any resulting over/under recovery of transition costs after such reconciliation will be included without interest in the Company's subsequent quarterly transition cost filing as computed above.

Any shortfalls in TS-I and TS-F Transition Surcharge revenues due to competitive forces requiring a reduced surcharge rate will be reconciled and carried forward, with final recovery to be made from such rate classes in a future period.

4. The total charge per Mcf for the Transition Surcharge shall be the sum of the separate components detailed in Paragraphs 2 and 3, plus any applicable Gross Receipts Tax.
5. The Transition Surcharge shall become effective upon Commission approval and shall remain in effect until the transition costs have been collected or as otherwise directed by the Commission. In the event the Company receives refunds for prior transition charges, the appropriate portion of the refunds shall be included in the Company's subsequent 1307(a) filing.
6. The Transition Surcharge shall include any over or under recoveries of Take-or-Pay costs, the recovery of which terminated on December 1, 1993.

RATE GR - GENERAL SERVICE -RESIDENTIAL

AVAILABILITY.

Service to the dwelling of a single private family or to a multiple dwelling unit building consisting of two to five dwelling units for domestic requirements. Resale of gas and/or service provided by the Company under this rate is only allowed for those locations being served through a single meter prior to January 6, 1980.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION CHARGE: \$7.20 per month

VARIABLE DISTRIBUTION CHARGE: \$2.8002 per Mcf.

MINIMUM CHARGE:: The minimum charge per month will be the Fixed Distribution Charge.

STATE TAX ADJUSTMENT CLAUSE, TRANSITION SURCHARGE, COMMODITY CHARGE ("CC") (if customer receives Sales Service), GAS COST ADJUSTMENT CHARGE ("GCA"), BALANCING SERVICE COST ("BSC") AND MIGRATION RIDER apply to this rate.

CONTROLLED LOW PRESSURE SERVICE AND 2PSIG DELIVERY.

For those Customers served from medium or high pressure mains, low pressure delivery of gas at 12.2 inches of water column or 2psig will be provided upon request in lieu of the normal low pressure delivery. For these Customers multipliers of 1.03 will be applied to all meter readings for 12.2 inches of water column delivery and 1.14 for 2 psig delivery to recognize the additional volume of gas delivered.

BUDGET BILLING.

At the option of the Customer, budget billing is available in accordance with the provisions of Rule 16.5.

RULES AND REGULATIONS.

The Company's rules and regulations in effect from time to time where not inconsistent with any specific provisions hereof are a part of this rate schedule.

TERM OF CONTRACT.

The initial term for any contract shall be at least one year.

PAYMENT TERMS.

Standard.

CAP RATE**AVAILABILITY.**

To payment-troubled customers who are currently served under or otherwise qualify for Rate GR (does not include multiple dwelling unit buildings consisting of two to five dwelling units). Customers must apply for this rate and must demonstrate annual household gross income at or below 150% of the Federal Poverty guidelines.

Customers with annual household gross incomes at or below 100% of the Federal poverty income guidelines will be eligible for Customer Assistance Program (CAP) Rate I.

Customers with annual household gross incomes from 101% up to and including 150% of the Federal poverty income guidelines will be eligible for Customer Assistance Program (CAP) Rate II.

Certification by various State agencies that a customer is receiving certain government assistance payments may be used where possible to expedite the eligibility process. These payments include (but are not limited to) AFDC, SSI, Food Stamps, PACE and Medicaid. Information available from the Pa. Department of Revenue may also be used where appropriate to expedite the process.

A process will be established to provide verification of eligibility for customers who do not fit the above processes. Asset testing will also be used where necessary and appropriate.

Customers being considered for the CAP Rates will be required to:

- * Waive certain privacy rights to enable PECO Energy to effectively conduct the above certification process.
- * Apply for and assign to PECO Energy at least one energy assistance grant from the Commonwealth.
- * Participate in various energy education and conservation programs facilitated by PECO.

MONTHLY RATE TABLE.**CAP RATE I**

FIXED DISTRIBUTION CHARGE: \$7.20 per month

VARIABLE DISTRIBUTION CHARGE: \$0.0000 per Mcf

MINIMUM CHARGE:: The minimum charge per month will be the Fixed Distribution Charge.

CAP RATE II

FIXED DISTRIBUTION CHARGE: \$7.20 per month

VARIABLE DISTRIBUTION CHARGE: \$1.3028 per Mcf

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Charge.

STATE TAX ADJUSTMENT CLAUSE TRANSITION SURCHARGE, COMMODITY CHARGE ("CC") (if customer receives Sales Service), GAS COST ADJUSTMENT CHARGE ("GCA"), BALANCING SERVICE COST ("BSC") AND MIGRATION RIDER apply to this rate.

BUDGET BILLING

Budget billing is available in accordance with the provisions of Rule 16.5.

RULES AND REGULATIONS.

The Company's rules and regulations in effect from time to time where not inconsistent with any specific provisions hereof are a part of this rate schedule.

TERM OF CONTRACT.

The initial term for any contract shall be at least one year.

PAYMENT TERMS.

Standard. ARREARAGE

Customers who qualify and are placed on the CAP Rate will have their pre-program arrearage forgiven if they remain current on their CAP bill for six to twelve months. The development of any new arrearage during this period will delay forgiveness. Customers that develop any new arrearage will be offered a payment agreement.

RATE GC - GENERAL SERVICE - COMMERCIAL AND INDUSTRIAL

AVAILABILITY.

Service for use in commercial and/or industrial applications, with the right reserved to restrict its use as boiler fuel and for other non-critical use.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION CHARGE: \$14.40 per month or \$72.01 per month for those Customers served at elevated pressure requiring additional instrumentation.

VARIABLE DISTRIBUTION CHARGE: \$2.8675 per Mcf for all or any part of the first 200 Mcf
\$1.9994 per Mcf for the additional use

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Charge.

STATE TAX ADJUSTMENT CLAUSE, TRANSITION SURCHARGE, COMMODITY CHARGE ("CC") (if customer receives Sales Service), GAS COST ADJUSTMENT CHARGE ("GCA"), BALANCING SERVICE COST ("BSC") AND MIGRATION RIDER apply to this rate.

CONTROLLED LOW PRESSURE SERVICE AND 2 PSIG DELIVERY.

For those Customers served from medium or high pressure mains, low pressure delivery of gas at 12.2 inches of water column or 2psig will be provided upon request in lieu of the normal low pressure delivery. For these Customers multipliers of 1.03 will be applied to all meter readings for 12.2 inches of water column delivery and 1.14 for 2 psig delivery to recognize the additional volume of gas delivered.

BUDGET BILLING.

At the option of a Customer, budget billing is available in accordance with the provisions of Rule 16.5

RULES AND REGULATIONS.

The Company's rules and regulations in effect from time to time where not inconsistent with any specific provisions hereof are a part of this rate schedule.

TERM OF CONTRACT.

The initial contract term shall be at least one year.

PAYMENT TERMS.

Standard.

RATE OL - OUTDOOR LIGHTING SERVICE

AVAILABILITY.

Service for outdoor lighting by Company-approved lighting devices of the sizes hereinafter specified, where the consumption is not registered on a meter.

MONTHLY RATE TABLE.

Manufacturer's Rated Input to Lighting Devices	Nominal Mcf Rating Per Month	Distribution Charges	
		When Not in Conjunction With Service Under Other Gas Rates	When in Conjunction With Service Under Other Gas Rates
1,999 Btu/Hr. or less	1.5 Mcf	\$5.5032	\$2.7553
2,000 Btu/Hr. to 2,499 Btu/Hr.	1.7 Mcf	\$6.4011	\$3.6738
2,500 Btu/Hr. to 2,999 Btu/Hr.	2.1 Mcf	\$7.1896	\$4.4520
3,000 Btu/Hr. to 3,499 Btu/Hr.	2.4 Mcf	\$8.0277	\$5.3001

STATE TAX ADJUSTMENT CLAUSE, TRANSITION SURCHARGE, COMMODITY CHARGE ("CC") (if customer receives Sales Service), GAS COST ADJUSTMENT CHARGE ("GCA"), BALANCING SERVICE COST ("BSC") AND MIGRATION RIDER apply to this rate.

INSTALLATIONS.

The Customer shall install, own and maintain the lighting devices and all tubing from the Company's service-supply pipe to the lighting devices.

FINAL CONNECTION.

The final connection of any lighting devices or tubing to the supply system shall be made by or under the supervision of a representative of the Company and the costs of such connections shall be borne by the Customer.

BUDGET BILLING.

At the option of the Customer, budget billing is available in accordance with the provisions of Rule 16.5

RULES AND REGULATIONS.

The Company's rules and regulations in effect from time to time where not inconsistent with any specific provisions hereof are a part of this rate schedule.

TERM OF CONTRACT.

The initial contract term shall be at least one year.

PAYMENT TERMS.

Standard.

RATE L - LARGE HIGH LOAD FACTOR SERVICE

AVAILABILITY.

Large volume high load factor service for use in commercial and/or industrial applications, with the right reserved to restrict its use as a boiler fuel and for other non-critical use. This service shall be under a contract specifying in Mcf, the maximum daily quantity (MDQ) of natural gas to be supplied on a seasonal basis. The winter period MDQ may not exceed the summer period MDQ. Deliveries shall be as nearly as practicable at uniform hourly rates of flow.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION CHARGE:	\$410.98 per month
VARIABLE DISTRIBUTION CHARGE:	\$1.4913 per Mcf for the first 15 days' use of billing demand. \$0.4522 per Mcf for the additional use.

STATE TAX ADJUSTMENT CLAUSE, TRANSITION SURCHARGE, COMMODITY CHARGE ("CC") (if customer receives Sales Service), GAS COST ADJUSTMENT CHARGE ("GCA"), BALANCING SERVICE COST ("BSC") AND MIGRATION RIDER apply to this rate.

SEASONAL PERIODS DEFINED.

The summer period is defined as the calendar months of April through November, inclusive. The winter period is defined as the calendar months of December, January, February and March.

DETERMINATION OF BILLING DEMAND.

The billing demand shall be computed each month to the nearest Mcf and shall be the highest measured quantity of gas, corrected to standard conditions, taken in a 24-hour interval. The summer period billing demand for all Customers will never be less than 80% of the summer period MDQ nor less than 100 Mcf per day.

MINIMUM CHARGE.

The monthly minimum charge shall be the Fixed Distribution Charge, plus the Variable Distribution Charge price applied to the Mcf that would result from 15 days' use of the Customer's billing demand for the month.

MEASUREMENT.

The quantities of gas used shall be determined from the Company's meters, corrected to standard conditions, namely 60° Fahrenheit temperature and 30 inches of mercury barometric pressure.

UNAUTHORIZED OVERRUN.

Any quantity of gas taken for this service on any day of the month in excess of the MDQ specified in the contract for this service shall constitute unauthorized overrun volume for such day, except when such excess results from fluctuations in day-to-day deliveries hereunder determined by the Company to be normal and in accordance with good operating practices. The sum of all such unauthorized volume in a month shall be billed at the rate of \$25.00 for each Mcf of gas so taken and the resulting amount shall be paid in addition to the charges specified in this rate.

RULES AND REGULATIONS.

The Company's rules and regulations in effect from time to time where not inconsistent with any specific provisions hereof are a part of this rate schedule.

MDQ DETERMINATION.

Each Customer shall review the contract annually and shall supply the Company written notification by August 1 of the Customer's requested MDQ(s) for the coming contract year. The MDQ requested shall be subject to reduction by the Company for either or both of the seasonal periods in light of available gas supplies, winter deliverability constraints, or for other good reason before the contract becomes effective. Any reduction made by the Company below the prior year's MDQ(s) shall be limited to the Customer's boiler fuel and other non-critical use.

The Company may, with the consent of the Customer, increase the existing winter MDQ up to the level of the contracted summer MDQ at such time during the winter period when, in the judgment of the Company, sufficient quantities of gas are available for the balance of the contract year.

TERM OF CONTRACT.

The initial contract term shall be at least one year.

PAYMENT TERMS.

Standard.

RATE MV-F - MOTOR VEHICLE SERVICE-FIRM

AVAILABILITY.

Firm motor vehicle service is available to Customers using natural gas exclusively as fuel for motor vehicles.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION CHARGE: \$14.40 per month or \$72.01 per month for those Customers served at elevated pressure.

ADDITIONAL FIXED DISTRIBUTION CHARGE: If the Customer contracts with the Company for the installation and maintenance of compressor equipment to deliver gas at the necessary pressure for vehicle use, there will be an additional Customer Charge as specified in the Customer's contract.

VARIABLE DISTRIBUTION CHARGE: \$0.6912 per Mcf.

ADDITIONAL VARIABLE DISTRIBUTION CHARGE: If the Customer contracts with the Company for the purchase of compressed gas at a Company-owned refueling location, there will be a compression and refueling charge of \$2.66 per Mcf added for each Mcf of gas supplied.

MINIMUM CHARGE: The minimum charge per month shall be the Fixed Distribution Charge.

STATE TAX ADJUSTMENT CLAUSE, TRANSITION SURCHARGE, COMMODITY CHARGE ("CC") (if customer receives Sales Service), GAS COST ADJUSTMENT CHARGE ("GCA"), BALANCING SERVICE COST ("BSC") AND MIGRATION RIDER and any applicable fuel taxes apply to this rate.

RULES AND REGULATIONS.

The Company's rules and regulations in effect from time to time where not inconsistent with any specific provisions hereof are a part of this rate schedule.

TERM OF CONTRACT.

The initial contract term shall be at least one year.

PAYMENT TERMS.

Standard.

RATE MV-I - MOTOR VEHICLE SERVICE-INTERRUPTIBLE

AVAILABILITY.

Interruptible motor vehicle service is available to Customers using natural gas for the sole purpose of a fuel for motor vehicles which have installed dual-fuel capability.

QUALITY OF SERVICE.

Upon notification by the Company, the Customer is required to transfer load to an alternate fuel. Under normal operating conditions, a minimum of four hours notice will be given before interruptions of service. However, the notice period in emergency situations may be less than four hours. The Customer shall be responsible for maintaining alternate fuel equipment in good operating condition, and arranging for adequate supplies of alternate fuel. Sales under this rate schedule are subordinate to all firm sales or firm transportation service provided by the Company.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION CHARGE : On Customer's premises:

\$14.21per per month; or, \$\$71.05 per month for those Customers served at elevated pressure requiring additional instrumentation.

At Company-owned refueling location:

\$ 14.21per per month in those months when gas is supplied.

ADDITIONAL FIXED DISTRIBUTION CHARGE:: If the Customer contracts with the Company for the installation and maintenance of compressor equipment to deliver gas at the necessary pressure for vehicle use, there will be an additional Customer Charge as specified in the Customer's contract.

VARIABLE DISTRIBUTION CHARGE AND COMMODITY CHARGES:

Prices shall be established by the Company based on the alternate fuels that this Customer class has the economic capability of consuming.

The total of the Variable Distribution Charge and the Commodity Charge shall be no less than the allocated monthly cost of gas plus three cents, plus the applicable gross receipts tax factor.

The total of the Variable Distribution Charge and the Commodity Charge shall not exceed the sum of the end block of the Variable Distribution Charge, Commodity Charge, Balancing Service Cost ("BSC") and, the Gas Cost Adjustment Charge ("GCA") of Rate GC.

The Company will provide the Pennsylvania Public Utility Commission with written notification of the Rate MV-I prices on an unbundled basis at least eight (8) business days before the beginning of the month in which any price revision is to occur. Once established, the price will remain in effect from month to month unless changed by the above notification procedure.

ADDITIONAL COMMODITY CHARGE:: If the Customer contracts with the Company for the purchase of compressed gas at a Company-owned refueling location, there will be a compression and refueling charge of \$2.65 per Mcf added for each Mcf of gas supplied.

MINIMUM CHARGE:: The minimum charge per month will be the Fixed Distribution Charge.

STATE TAX ADJUSTMENT CLAUSE, TRANSITION SURCHARGE and any applicable fuel taxes apply to this rate.

OTHER CONDITIONS.

1. The Company reserves the right to enter the Customer's premises to inspect the equipment and apparatus at any time to determine whether the Customer's equipment and the Company's equipment is properly functioning, and whether the Customer is in compliance with all the provisions of this rate. It is the Customer's responsibility to inform the Company immediately if the Customer-owned or Company-owned control equipment does not operate properly.

2. Service under this rate may be separately supplied to a Customer who is also supplied under one or more other gas rates at the same premises, provided that each supply shall be separate and distinct with respect to delivery, metering and billing, and that no piping connections shall be made between the fuel line systems on the load side of the separate metering installation.

(Continued)

RATE MV-I - MOTOR VEHICLE SERVICE-INTERRUPTIBLE - Continued

3. Upon notification by the Customer to the Company that an emergency condition exists, the Company may, in its sole discretion, authorize the Customer to continue the use of gas during a period of interruption until such emergency condition has been corrected. The price of each Mcf of gas consumed during such emergency authorization will be increased by the difference between the allocated monthly cost of gas and the greater of:

- a. The highest incremental supply cost incurred by the Company during the period such emergency service is provided;
- b. The equivalent unleaded gasoline dealer tank wagon price as posted in the Journal of Commerce and as determined from the average of the three highest prices at Philadelphia for the month.

The Company may require affidavits or other documentation in order to verify the cause and duration of the emergency condition sustained by the Customer. The revenue received for Customer emergency service which is in excess of the normal Rate MV-I revenue will be returned to Customers by including the revenues in the GCA of the Sales Service Costs provision.

4. Any unauthorized gas consumed in violation of the provisions of this rate shall be billed at a rate of \$25.00 per Mcf of the gas so taken and the resulting amount shall be paid in addition to the charges specified in this rate. Such payment by the Customer for unauthorized use shall not be deemed as giving the Customer any rights to use such gas.

5. Should the Customer cause the control device to be ineffective, or in any way change the operation thereof, all gas registered on the meter since the last meter reading, in addition to all other rates and charges, will be subject to the penalty charge shown above.

6. The Company may, after furnishing reasonable notice, permanently discontinue service to such Customer upon a finding by the Company that the Customer has not complied with the conditions and provisions of this rate.

RULES AND REGULATIONS.

The Company's rules and regulations in effect from time to time where not inconsistent with any specific provisions hereof are a part of this rate schedule.

TERM OF CONTRACT.

The initial contract term shall be at least one year.

PAYMENT TERMS.

Standard.

RATE IS - INTERRUPTIBLE SERVICE

AVAILABILITY.

Interruptible sales service is available to individual Customers who have dual-fuel capability or are willing to accept interruption of gas service. The Customer must have an estimated gas consumption of at least 3,000 Mcf per month during each summer month. The summer period includes the months of April through November. For a Customer that also receives service under Rates L, TS-I, or TS-F, the 3,000 Mcf per month use requirement does not apply.

Rate GC or other firm sales services may not be used as a backup supply during periods of interruption under this rate schedule. Rate GC service may be provided through separate metering where firm service is required. Piping connections between the firm and interruptible fuel line systems are prohibited.

The Customer will be required to execute a contract specifying the maximum daily quantity (MDQ) of gas that the Company's service and metering facilities are designed to supply. The maximum hourly capacity that the Company's facilities are designed to supply shall not be more than 6.5% of the MDQ.

QUALITY OF SERVICE.

Service under this rate is made available to Customers for purposes of balancing the Company's gas demands and optimizing its daily use of pipeline supplies and is strictly within the discretion of the Company. When the available quantity of gas is inadequate to serve the needs of all Customers under this rate, the Company will impose limitations, as necessary, endeavoring to provide each Customer with the opportunity to take gas from time to time. Under normal operating conditions, a minimum of four hours notice will be given before interruptions of service. However, the notice period in emergency situations may be less than four hours. Those Customers who have dual fuel capability shall be responsible for maintaining alternate fuel equipment in good operating condition, and arranging for adequate supplies of alternate fuel. Interruptible sales are subordinate to all firm sales or firm transportation service provided by the Company.

BILLING.

FIXED DISTRIBUTION CHARGE: \$217.89 per month.

VARIABLE DISTRIBUTION AND COMMODITY CHARGES:

Prices shall be established by the Company based on the alternate fuels the Customer has the economic capability of consuming. The total of the Variable Distribution Charge and the Commodity Charge shall be no less than the applicable commodity cost of gas for the current month plus three cents, increased by the applicable gross receipts tax factor and shall be no higher than the applicable delivered price, on an equivalent BTU basis of alternate fuel.

The Company will provide the Pennsylvania Public Utility Commission with written notification of each of the prices on an unbundled basis at least eight (8) business days before the beginning of the month in which any price revision is to occur. Once established, prices will remain in effect from month to month unless changed in accordance with the above notification procedure. If there is a major change in competitive fuel prices during the month, the Company may change the Commodity Charge prices within the same upper and lower limits on notice of five working days to the Commission.

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Charge.

METERING SEQUENCE.

Service under this rate may be supplied in combination with Rates L, TS-F or TS-I at a single point and through a single metering installation, in which case the MDQ for each rate schedule shall be specified in the contract. The Company will assume for billing purposes that metered volumes first reflect deliveries of the Contract Maximum Daily Quantity of Rate L gas, next the Firm Transportation Contract Quantity of Rate TS-F, next the Contract Quantity of Interruptible Transportation under Rate TS-I, and finally the Interruptible Gas under this rate schedule. Determination of Rate IS deliveries will be made at the end of the billing period. The number of Mcf billed under Rate L shall never be less than the number of Mcf resulting from 15 days' use of the Rate L billing demand.

STATE TAX ADJUSTMENT CLAUSE and TRANSITION SURCHARGE apply to this rate.

RATE IS - INTERRUPTIBLE SERVICE - Continued

OTHER CONDITIONS.

1. Any quantity of gas taken for this service on any day of the month in excess of the MDQ specified in the contract shall constitute unauthorized overrun volume for such day, except when such excess results from fluctuations in day-to-day deliveries hereunder determined by the Company to be normal and in accordance with good operating practices. The sum of all such unauthorized volume in a month shall be billed at the rate of \$25.00 for each Mcf of gas so taken and the resulting amount shall be paid in addition to the charges specified in this rate.

2. Upon notification by the Customer to the Company that an emergency condition exists, the Company may, in its sole discretion, authorize the Customer to continue the use of gas during a period of interruption until such emergency condition has been corrected. The price of each Mcf of gas consumed during such emergency authorization will be increased by the difference between the applicable commodity cost used to establish the current Rate IS Commodity Charge for the Customer and the greater of:

- a. The highest incremental supply cost incurred by the Company during the period such emergency service is provided;
- b. The equivalent No. 2 oil consumer tank car price as posted in the Journal of Commerce and as determined from the average of the three highest prices at Philadelphia for the month.

The Company may require affidavits or other documentation in order to verify the cause and duration of the emergency condition sustained by the Customer. The Company may, after furnishing reasonable notice, permanently discontinue service to such Customer upon a finding by the Company that the Customer has not complied with the conditions and provisions of this rate schedule.

The revenue received for Customer emergency service which is in excess of the normal Rate IS revenue will be returned to Customers by including the revenues in the GCA of the Sales Service Costs provision.

EXTENSION OF MAIN - INSTALLATION OF SERVICE.

Each Customer shall prepay the total cost of any main extension, service installation, meter installation, or enlargement or rearrangement of existing facilities required for service under this rate schedule.

RULES AND REGULATIONS.

The Company's rules and regulations in effect from time to time where not inconsistent with any specific provisions hereof are a part of this rate schedule.

TERM OF CONTRACT.

The initial contract term shall be at least 1 year.

PAYMENT TERMS.

Standard.

RATE TCS - TEMPERATURE CONTROLLED SERVICE

AVAILABILITY

Temperature controlled service is available to individual Customers that have dual-fuel equipment with a rated input of more than 2,100,000 Btu per hour and an estimated fuel use which totals 5,000 Mcf or more during the billing months of December, January, February and March and are willing to accept interruption of service at the cut-off temperature specified by the Company.

QUALITY OF SERVICE.

Upon notification by the Company, the Customer is required to transfer load to an alternate fuel whenever the outdoor temperature is below the cut-off limit specified by the Company. Under normal operating conditions, a minimum of four hours notice will be given before interruptions of service. However, the notice period in emergency situations may be less than four hours. During August of each year the Company will notify each Customer of the cut-off temperature limit to be effective during the twelve-month period beginning September 1. Those Customers who have dual fuel capability shall be responsible for maintaining alternate fuel equipment in good operating condition, and arranging for adequate supplies of alternate fuel. Sales under this rate are subordinate to all firm sales or firm transportation service provided by the Company.

BILLING.

FIXED DISTRIBUTION CHARGE: \$ 71.05 per month.

VARIABLE DISTRIBUTION AND COMMODITY CHARGES:

Prices shall be established by the Company based on the alternate fuels that this Customer class has the economic capability of consuming.

The total of the Variable Distribution Charge and the Commodity Charge shall be no less than the allocated monthly cost of gas plus three cents, plus the applicable gross receipts tax factor.

Prices shall not exceed the sum of the end block of the Variable Distribution Charge of Rate GC., the commodity Charge, Balancing Service Cost ("BSC") and, the Gas Cost Adjustment Charge ("GCA") The Company will provide the Pennsylvania Public Utility Commission with written notification of the prices on an unbundled basis at least eight (8) business days before the beginning of the month in which any price revision is to occur. Once established, prices will remain in effect from month to month unless changed by the above notification procedure.

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Charge.

STATE TAX ADJUSTMENT CLAUSE and TRANSITION SURCHARGE apply to this rate.

OTHER CONDITIONS.

1. The Company reserves the right to enter the Customer's premises to inspect the equipment and apparatus at any time to determine whether the Customer's equipment and the Company's equipment is properly functioning, and whether the Customer is in compliance with all the provisions of this rate.

It is the Customer's responsibility to inform the Company immediately if the Customer-owned or Company-owned control equipment does not operate properly.

2. Service under this rate may be separately supplied to a Customer who is also supplied under one or more other gas rates at the same premises, provided that each supply shall be separate and distinct with respect to delivery, metering and billing, and that no piping connections shall be made between the fuel line systems on the load side of the separate metering installation.

The Company may, in its sole discretion, permit minimal volumes of gas which would otherwise be supplied under Rate GC to flow through the Rate TCS metering where, in the Company's judgment, the cost of installing separate metering is uneconomical.

(Continued)

RATE TCS - TEMPERATURE CONTROLLED SERVICE - Continued

3. Upon notification by the Customer to the Company that an emergency condition exists, the Company may, in its sole discretion, authorize the Customer to continue the use of gas during a period of interruption until such emergency condition has been corrected. The price of each Mcf of gas consumed during such emergency authorization will be increased by the difference between the allocated monthly cost of gas and the greater of:

- a. The highest incremental supply cost incurred by the Company during the period such emergency service is provided;
- b. The equivalent No. 2 oil consumer tank car price as posted in the Journal of Commerce and as determined from the average of the three highest prices at Philadelphia for the month.

The Company may require affidavits or other documentation in order to verify the cause and duration of the emergency condition sustained by the Customer. The revenue received for Customer emergency service which is in excess of the normal Rate TCS revenue will be returned to Customers by including the revenues in the GCA of the Sales Service Costs provision.

4. Upon notification to the Customer by the Company that an emergency condition exists, the Company may change the threshold outdoor ambient temperature at which service is provided, for the duration of the emergency.

5. Any unauthorized gas consumed in violation of the provisions of this rate shall be billed at a rate of \$25.00 per Mcf of the gas so taken and the resulting amount shall be paid in addition to the charges specified in this rate. Such payment by the Customer for unauthorized use shall not be deemed as giving the Customer any rights to use such gas.

6. Should the Customer cause the control device to be ineffective, or in any way change the operation thereof, all gas registered on the meter since the last meter reading, in addition to all other rates and charges, will be subject to the penalty charge shown above.

7. The Company may, after furnishing reasonable notice, permanently discontinue service to such Customer upon a finding by the Company that the Customer has not complied with the conditions and provisions of this rate.

RULES AND REGULATIONS.

The Company's rules and regulations in effect from time to time where not inconsistent with any specific provisions hereof are a part of this rate schedule.

TERM OF CONTRACT.

The initial contract term shall be at least 1 year.

PAYMENT TERMS.

Standard.

GAS TRANSPORTATION SERVICE - GENERAL TERMS AND CONDITIONS

(Applicable to: Rate TS-I Gas Transportation Service-Interruptible and
Rate TS-F Gas Transportation Service-Firm.)

1. TRANSPORTATION SERVICE

1.1 GENERAL. Transportation service shall consist of: the receipt of gas on behalf of a Customer; the transportation of gas through the Company's distribution facilities; and the delivery of equivalent quantities of gas to the Customer, adjusted for thermal correction and system losses where applicable.

Transportation service may also include Standby Sales Service to permit purchases of gas under one of the Company's retail sales rate schedules.

1.2 TERMS DEFINED. The following definitions shall apply throughout the transportation portion of this tariff:

RECEIVED/RECEIPT shall refer to gas tendered to the Company for the Customer's account at one or more of the interconnections between the Company and its interstate pipeline suppliers, or other specified location. The normal unit of measurement is the decatherm or mmBtu.

DELIVERED/DELIVERY shall refer to gas tendered to the Customer by the Company at the Customer's specified location. The normal unit of measurement is the Mcf.

USE/USAGE shall refer to gas actually consumed by the Customer at the specified location as measured by the Company's meter in Mcf.

DEFICIENT DELIVERIES shall refer to occurrences in which the Customer uses more gas than the quantity of transportation gas tendered by the Company for delivery.

EXCESS DELIVERIES shall refer to occurrences in which the Customer uses less than the quantity of gas tendered by the Company for delivery.

1.3 VOLUME ADJUSTMENT. The quantity of transportation gas received into the Company's distribution system for the Customer's account shall be: (a) reduced by 2.5 percent for system losses; and (b) adjusted for thermal correction determined by dividing the daily average Btu content per cubic foot of gas for the Company's system by a reference Btu content of 1,000 Btu per cubic foot. Where the transported gas can be delivered directly to the Customer without commingling with other system supplies, no reduction for system losses shall be made, and the thermal correction shall be based on the daily average Btu content of the pipeline to which the Customer is directly connected.

1.4 SUPPLY COST ADJUSTMENT. If the Company incurs any added gas supply cost in order to provide transportation service by displacement, or for other reasons, such additional cost will be charged to the Customer. Displacement occurs when a Customer, who is directly connected to one of the Company's pipeline suppliers, arranges for receipt of transportation gas on another pipeline to which the Customer is not directly connected. Revenues received by the Company in payment for added gas supply cost will be credited to firm sales Customers through the annual Sales Service Costs reconciliation (Section 1307[f]).

1.5 SERVICE AGREEMENT. The Customer will be required to execute a Transportation Service Agreement which will specify a Transportation Contract Quantity (TCQ) to be the maximum daily volume of gas, expressed in Mcf net of system losses where applicable, to be transported and delivered to the Customer. The agreement will also specify delivery locations, the election of Standby Sales Service, the commodity charge to be in effect for the term of the agreement, and any special provisions for service. The standard term for a Transportation Service Agreement shall be twelve months, unless the Company and the Customer agree to a shorter or longer term.

The TCQ shall not exceed the lower of (a) the capacity of the Company's metering and regulating equipment at the Customer's location; or (b) 110% of the maximum daily usage of the Customer during the twelve-month period prior to the execution of the Transportation Service Agreement, unless full documentation of new or additional gas usage capability is provided by the Customer. If a Customer chooses to designate an Agent to act on the Customer's behalf for scheduling, dispatching, billing and other administrative aspects of transportation service, such designation shall be made in the Transportation Service Agreement. The designation of an Agent shall not relieve the Customer of ultimate responsibility for payment for service or other obligations incurred under this tariff.

(Continued)

GAS TRANSPORTATION SERVICE - GENERAL TERMS AND CONDITIONS - Continued(Applicable to: Rate TS-I Gas Transportation Service-Interruptible and
Rate TS-F Gas Transportation Service-Firm.)

1.6 BUYER GROUP/LEAD CUSTOMER. A Buyer Group generally consists of up to ten individual Customers who voluntarily join together to obtain either firm or interruptible transportation service. The Company, at its discretion, may require all members of the Buyer Group to execute the same Transportation Service Agreement and make the same elections as to Standby Sales Service. One member of the Buyer Group may be designated by the Company as the Lead Customer who shall be responsible for the timely payment of all bills rendered to the Buyer Group, as well as all day-to-day dispatch scheduling coordination and administrative communication between the Company and all members of the Buyer Group. A member of one Buyer Group may not be a member of another Buyer Group. Eleven or more individual Customers may form a Buyer Group only upon specific agreement by the Company. Unless otherwise described, the term "Customer" as used throughout these general terms and conditions shall refer to an individual Customer or to a Buyer Group. The Company, at its discretion, may set the maximum Commodity Charge for a Buyer Group at the maximum which any member would be individually required to pay.

1.7 MINIMUM SIZE. The minimum total gas consumption capability required to be eligible for transportation service shall be 5,000 Mcf per year. This minimum shall apply to an individual Customer or to a Buyer Group which, in the aggregate, uses 5,000 Mcf of gas annually.

1.8 SOURCE OF GAS. Unless otherwise certified, all gas transported shall be presumed to be non-Pennsylvania produced gas. In order to qualify for billing as Pennsylvania produced gas, the Customer must provide an affidavit specifying the percentage by month of Pennsylvania produced gas to be transported during the term of the Service Agreement. The Customer is responsible to notify the Company of any change in the above percentage no later than the second working day after the conclusion of the billing month in which the change occurred.

2. BALANCING PROVISIONS

2.1 GENERAL. Transportation balancing is provided to adjust for the unavoidable minor variations between Customer usage and scheduled deliveries, and is not intended to function as a storage service or a standby sales service. Each Customer shall use best efforts to balance deliveries and usage at all times.

2.2 INTERRUPTED RECEIPTS. On days when no transportation gas is received for the Customer's account, all gas used by the Customer shall be billed as a purchase from the Company. For Customers which have elected Standby Sales Service, the usage shall be billed at the applicable rate. For Customers which have not elected Standby Sales Service, the usage shall be billed at the sum of the Variable Distribution Charge, Commodity Charge, Balancing Service Cost ("BSC") and, the Gas Cost Adjustment Charge ("GCA") of Rate GC and an additional \$25 per Mcf penalty charge will be imposed. Excess deliveries already being held for the Customer at the time of interruption will be tendered for delivery when transportation receipts resume. If the interruption of receipts continues for more than thirty days, the Company will tender excess deliveries as soon as practicable subject to operating and gas procurement considerations.

2.3 BALANCING CHARGE. A \$0.0196 per Mcf balancing charge shall be imposed on all transportation deliveries in a billing month.

2.4 ALLOWABLE DAILY VARIATION. In order to minimize the effect of transportation imbalances on the operation of the Company's system, the allowable daily variation between delivered quantities and Customer usage is the greater of ten percent of the TCQ or 50 Mcf.

If a Customer exceeds these limits, the Company shall: (a) in the case of excess deliveries, impose a \$0.25 per Mcf penalty charge on that portion of daily excess deliveries greater than the allowable daily variation and have the right to limit the receipt of Gas Transportation if a customer has excess deliveries greater than two times the Customer's TCQ; (b) in the case of deficient deliveries, have the right to bill such deficiency as a purchase from the Company. For Customers which have elected Standby Sales Service, the deficiency shall be billed at the applicable rate. For Customers which have not elected Standby Sales Service, the deficiency shall be billed at the sum of the Variable Distribution Charge, Commodity Charge, Balancing Service Cost ("BSC") and, the Gas Cost Adjustment Charge ("GCA") of Rate GC, and an additional \$25 per Mcf penalty charge will be imposed.

GAS TRANSPORTATION SERVICE - GENERAL TERMS AND CONDITIONS - Continued

(Applicable to: Rate TS-I Gas Transportation Service-Interruptible and
Rate TS-F Gas Transportation Service-Firm.)

2.5 MONTHLY BALANCING FOR DEFICIENT DELIVERIES. If in any billing month a Customer has deficient deliveries, the volumes shall be billed at the applicable rate for those customers that have elected Standby Sales Service. For Customers which have not elected Standby Sales Service, the volumes shall be billed at the sum of the Variable Distribution Charge, Commodity Charge, Balancing Service Cost ("BSC") and, Gas Cost Adjustment Charge ("GCA") of Rate GC, and an additional \$25 per Mcf penalty charge will be imposed.

2.6 MONTHLY BANKING SERVICE FOR EXCESS DELIVERIES. The Customer is permitted to carry over or bank a positive imbalance each month at the following monthly charges:

- (a) where the monthly excess does not exceed the greater of the TCQ or 50 Mcf - \$0.00 per Mcf;
- (b) for the monthly excess greater than the TCQ and less than twice the TCQ - \$1.00 per Mcf;
- (c) for the monthly excess greater than twice the TCQ and less than three times the TCQ - \$5.00 per Mcf;
- (d) for the monthly excess greater than three times the TCQ - \$10.00 per Mcf.

2.7 OPERATIONAL POOLING AND BALANCING SERVICE. Pooling is an optional service provided by PECO whereby marketers, producers of natural gas or brokers may aggregate natural gas supplies needed to serve more than one transportation customer. Individual customers assign their balancing rights and responsibilities under PECO's then current tariff to one marketer, producer or broker, which operates the pool (the Pool Operator). Each Pool Operator shall execute an Operational Pooling and Balancing Agreement. The allowable daily variation for a pool is 15 percent between delivered quantities and pool usage. The Pool Operator manages the day-to-day balancing for each pool member and will be responsible for any applicable penalty charges and cash-out transactions, though the transportation customer remains jointly liable with the pool operator for all charges.

3. STANDBY SALES SERVICE

3.1 GENERAL. Standby Sales Service permits the Customer to purchase gas under one of the Company's retail sales rate schedules when:

- (a) no transportation gas is received for the Customer;
- (b) transportation deliveries are deficient with respect to the Customer's usage;
- (c) a Customer elects to purchase gas from the Company in lieu of transportation service.

Transportation service under Rate TS-I automatically provides Standby Sales Service as described in Section 3.2 below. A Customer purchasing transportation service under Rate TS-F shall indicate in the Transportation Service Agreement if the Customer elects to have Standby Sales Service. If the Customer elects Standby Sales Service the Customer shall specify the election in the Transportation Service Agreement as well as the Standby Sales Quantity (SSQ) which is the maximum daily quantity of gas expressed in Mcf that the Customer may purchase. A penalty charge of \$25 per Mcf will be imposed on volumes taken in excess of the SSQ.

The Company maintains no current or future duty to provide retail sales service to a Customer who declines to elect Standby Sales Service. Availability of Standby Sales Service for new gas loads not previously served under a retail firm sales rate schedule is contingent upon the Company's ability to arrange the required supply contracts.

3.2 INTERRUPTIBLE SERVICE. Interruptible Standby Sales Service under Rate IS is automatically provided to the Customer in conjunction with Rate TS-I. The billing and all other conditions of service shall be as stated under the Rate IS tariff, except that the Customer Charge shall be waived.

(Continued)

GAS TRANSPORTATION SERVICE - GENERAL TERMS AND CONDITIONS - Continued

(Applicable to: Rate TS-I Gas Transportation Service-Interruptible and
Rate TS-F Gas Transportation Service-Firm.)

3.3 FIRM SERVICE. All priority 1 Rate TS-F Customers (as defined under Rule 1232 Curtailment of Service) without adequate alternate fuel capability must elect, and all other Rate TS-F Customers may elect Standby Sales Service under:

(a) Rate L, for Customers with an SSQ of at least 100 Mcf per day and gas consumption capability of at least 18,000 Mcf per year;

(b) Rate GC, for Customers with an SSQ of less than 100 Mcf per day or gas consumption capability of less than 18,000 Mcf per year; except that the Standby Sales Service rate schedule applicable to a Buyer Group may, at the Company's discretion, be set at the highest priced rate schedule under which any member would be individually required to pay. The billing and all other conditions of service shall be as stated in the applicable rate schedule and prorated for actual days of use, except that the Customer Charge shall be waived. In addition, the Customer shall pay a monthly demand charge per Mcf of SSQ which is based on 110% of the average monthly demand charges paid for the Company's firm supply. The monthly demand charge, prorated on an Mcf-per-day basis, will be credited to all volumes purchased. Following the end of the Company's supply contract year (October 31), the Customer shall also be assessed those minimum bill, take-or-pay, supply inventory, or other similar charges actually paid by the Company, which are attributable to the annual volume reserved but not taken under this provision. Customers that request to terminate Standby Sales Service after one or more years will be required to continue payment of the monthly demand charge until the Company is able to reduce its purchase obligations or otherwise utilize the released supplies.

4. OTHER PROVISIONS

4.1 METERING SEQUENCE. Where gas is used by the Customer under more than one of the Company's rate schedules through the same meter location, the Company will assume for billing purposes that metered volumes reflect deliveries in the following sequence where applicable:

- (a) Rate L, up to maximum daily quantity.
- (b) Rate TS-F, up to transportation contract quantity.
- (c) Rate TS-I, up to transportation contract quantity, or actual delivered quantity, whichever is lower.
- (d) Rate IS.

4.2 GAS SUPPLY SHORTAGE. In the event of a natural gas supply shortage, the Customer shall sell its natural gas supply to the Company at the higher of the Company's weighted average cost of gas or the Customer's own cost. A natural gas shortage exists when the supply of gas is insufficient to meet the requirements of Priority 1 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, so that service to Priority 1 Customers is threatened. The Customer shall demonstrate its cost of natural gas by making a copy of the contract with the natural gas supplier available to the Company upon request.

(Continued)

GAS TRANSPORTATION SERVICE - GENERAL TERMS AND CONDITIONS - Continued

(Applicable to: Rate TS-I Gas Transportation Service-Interruptible and
Rate TS-F Gas Transportation Service-Firm.)

4.3 LIABILITY.

- (a) The Company shall not be liable for curtailment of service under this rate schedule or loss of gas of the Customer as a result of any steps taken to comply with any law, regulation, or order of any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the rendering of service hereunder, and regardless of any defect in such law, regulation, or order.
- (b) Gas shall be and remain the property of the Customer while transported and delivered by the Company. The Customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.
- (c) The Company shall not be liable for any loss to the Customer arising from or out of service under this rate schedule, including loss of gas in the possession of the Company or any other cause. The Company reserves the right to commingle gas of the Customer with other supplies.
- (d) The Company shall not be liable, under any circumstances or in any respect, to a Customer, to a gas producer, or to any other person or entity for damages arising either directly or indirectly from interruption, curtailment, or termination of transportation service.

TERM OF CONTRACT.

The initial contract term shall be at least one year.

RATE TS-I GAS TRANSPORTATION SERVICE-INTERRUPTIBLE

(Gas Transportation Service - General Terms and Conditions Apply To This Rate.)

AVAILABILITY.

Interruptible transportation service is available to an individual Customer, or a Buyer Group, who may have dual fuel capability or is willing to accept interruption of gas service.

UPGRADING AND OR INSTALLATION OF FACILITIES.

Upgrading and/or installation of mains and services required to provide adequate delivery capacity for interruptible transportation service for the Customer will be in accordance with the Rules and Regulations governing Extensions. The Customer shall prepay the total cost of any new receipt point for Customer-owned gas into the Company system, or improvements to an existing receipt point, which then shall be constructed, subject to specific contract terms and conditions, owned, and maintained by the Company.

QUALITY OF SERVICE.

Interruptible transportation service will be provided on a best efforts basis by the Company and may be restricted or interrupted from time to time due to operating and capacity limitations. Under normal operating conditions a minimum of four hours notice will be given before interruptions of service. However, the notice period in emergency situations may be less than four hours.

BILLING.

A. For each meter location having a gas consumption capability of at least 18,000 Mcf per year.

1. CUSTOMER CHARGE.

\$477 per month less any Customer Charges billed on other rate schedules for gas service through the same meter location; but in no event shall the Customer Charge be less than \$200.

2. COMMODITY CHARGE.

The applicable Commodity Charge shall be specified in the Transportation Service Agreement for each individual Customer. The maximum Commodity Charge shall be \$0.49 per Mcf of Pennsylvania or non-Pennsylvania produced gas transported.

B. For each meter location having a gas consumption capability of less than 18,000 Mcf per year.

1. CUSTOMER CHARGE.

\$401 per month less any Customer Charges billed on other rate schedules for gas service through the same meter location; but in no event shall the Customer Charge be less than \$200.

2. COMMODITY CHARGE.

The applicable Commodity Charge shall be specified in the Transportation Service Agreement for each individual Customer. The maximum Commodity Charge shall be \$0.92 per Mcf of Pennsylvania or non-Pennsylvania produced gas transported.

C. The State Tax Adjustment Clause does not apply to this rate.

D. Transition Surcharge applies to this Rate.

MINIMUM CHARGE.

The monthly minimum charge shall be the Customer Charge.

SEPARATION OF SERVICE.

Service under this rate may be separately supplied to a Customer who is also supplied under Rate GC at the same premises provided that each supply shall be separate and distinct with respect to delivery, metering, and billing, and that no piping connections shall be made between the fuel line systems on the load side of the separate metering installation.

PAYMENT TERMS.

Standard.

RATE TS-F GAS TRANSPORTATION SERVICE-FIRM

(Gas Transportation Service - General Terms and Conditions Apply To This Rate.)

AVAILABILITY.

Firm transportation service is available to an individual Customer, or a Buyer Group, who desires uninterrupted transportation service. Firm transportation service is not available with Rate GC through the same meter, except as provided under Standby Sales Service of the General Terms and Conditions.

UPGRADING AND OR INSTALLATION OF FACILITIES.

Upgrading and/or installation of mains and services required to provide adequate delivery capacity for firm transportation service for the Customer will be in accordance with the Rules and Regulations governing Extensions. The Customer shall prepay the total cost of any new receipt point for Customer-owned gas into the Company system, or improvements to an existing receipt point, which then shall be constructed, subject to specific contract terms and conditions, owned, and maintained by the Company.

QUALITY OF SERVICE.

Transportation service under this rate schedule is firm and shall be interrupted only in cases of operating emergencies experienced by the Company or in the case of a natural gas shortage when the supply of gas is insufficient to meet the requirements of Priority 1 Customers.

BILLING.

A. For each meter location having a gas consumption capability of at least 18,000 Mcf per year.

1. CUSTOMER CHARGE.

\$477 per month less any Customer Charges billed on other rate schedules for gas service through the same meter location; but in no event shall the Customer Charge be less than \$200.

2. COMMODITY CHARGE.

The applicable Commodity Charge shall be specified in the Transportation Service Agreement for each individual Customer. The maximum Commodity Charge shall be \$0.49 per Mcf of Pennsylvania gas and \$0.85 per Mcf of non-Pennsylvania produced gas transported.

B. For each meter location having a gas consumption capability of less than 18,000 Mcf per year.

1. CUSTOMER CHARGE.

\$401 per month less any Customer Charges billed on other rate schedules for gas service through the same meter location; but in no event shall the Customer Charge be less than \$200.

2. COMMODITY CHARGE.

The applicable Commodity Charge shall be specified in the Transportation Service Agreement for each individual Customer. The maximum Commodity Charge shall be \$0.92 per Mcf of Pennsylvania gas and \$2.11 per Mcf of non-Pennsylvania produced gas transported.

C. The State Tax Adjustment Clause does not apply to this rate.

D. The Transition Surcharge applies to this Rate.

MINIMUM CHARGE.

The monthly minimum charge shall be the Customer Charge plus 15 days' use of the TCQ at the Customer's applicable commodity charge.

PAYMENT TERMS.

Standard.

RATE CGS - CITY GATE SALES SERVICE

AVAILABILITY

City Gate Sales Service is available in conjunction with the Company's gas transportation services (Rates TS-F and/or TS-I) upon execution of a City Gate Sales Service Agreement. Supplies from the Company's total gas acquisition pool are made available for purchase at the interstate pipeline delivery points (city gates), for redelivery to the Customer under the terms and conditions of the applicable transportation service(s).

QUALITY OF SERVICE

Firm: Customers electing firm service under this rate are not subject to interruption or proration except pursuant to Section 12 of the Rules and Regulations of this Tariff.

Interruptible: Customers electing interruptible service under this rate are subject to interruption from time to time as necessary to meet the demands of firm Customers. Under normal operating conditions, the Customer will be notified by 10:00 AM of the previous gas dispatch day of any interruption of service. Under emergency conditions, the Company may shorten this notice period and interrupt service at times other than the start of the gas dispatch day (10:00 AM).

BILLING

Acquisition Service Charge

\$47.50 per month.

Firm Supply Reservation Charge

\$15.19 per month per Mcf of firm demand.

Interruptible Supply Reservation Charge

<u>Quarter</u>	<u>(\$/Mcf/Month)</u>
December 1 - February 29	\$0.85
March 1 - May 31	\$0.57
June 1 - August 31	\$0.63
September 1 - November 30	\$2.19

Commodity Charge

A monthly rate, expressed in dollars per thousand cubic feet (\$/Mcf), which represents the weighted average commodity cost for the Company's total acquisition pool during the month of service. This rate is applied to the firm and interruptible usage at the Customer's location during the current billing month.

State Tax Adjustment Charge

Does not apply to this rate

DEMAND QUANTITIES

Firm Demand Quantity: The greater of: (a) the Customer's transportation contract quantity under Rate TS-F, or (b) the highest daily firm usage at the Customer's location at any time during the current billing month and previous twelve months.

Interruptible Demand Quantity: The highest daily Rate CGS interruptible usage at the Customer's location during the current billing month.

MINIMUM CHARGE

The minimum charge per month will be the Acquisition Service Charge, plus the applicable Supply Reservation Charge(s).

(Continued)

RATE CGS - CITY GATE SALES SERVICE - ContinuedOTHER RATE PROVISIONS

1. Supply reservation charges will be updated in conjunction with the Company's Sales Service Cost (SSC) filing.
2. The Interruptible Supply Reservation Charge will be the greater of (a) ten percent (10%) of the Firm Supply Reservation Charge, or (b) the average revenue received per Mcf per month under an interstate pipeline capacity release/reassignment program during the most recent SSC actual period.
3. Billing rates include any applicable PA Public Utility Gross Receipts Tax and an adjustment factor to account for system losses. This adjustment factor will be excluded from the billing rates where deliveries are made directly to the Customer without commingling with other system supplies.
4. All reservation charge and commodity charge revenue, exclusive of any applicable gross receipts tax and commodity-related take-or-pay costs, will be credited to firm SSC Customers through the Company's annual SSC filing.
5. The Company will provide the applicable monthly commodity charge rate to the Customer no later than 10:00 AM on the last working day prior to the start of each new month.

OPERATING PROVISIONS

1. Monthly Nominations: At least ten working days prior to the start of a month, the Customer shall provide to the Company its estimated daily purchases under Rate CGS for the forthcoming month. Customers receiving both firm and interruptible service through the same meter may make separate nominations for each type of service.

An initial nomination greater than zero represents the Customer's selection of Rate CGS as its source of gas supply for the subject month, and the Company will not accept gas from any other supply source for redelivery to the Customer during that month.

Subsequent to the initial nomination, the Customer shall notify the Company promptly of a change of more than ten percent in any of the estimated quantities.

2. Daily Scheduling: The Company's System Control Group shall establish for each Customer a communication plan appropriate to the Customer's size and usage pattern, which will provide accurate and timely information on actual and projected daily gas usage. Communication may be required in verbal or electronic form at the Company's sole discretion.
3. Metering Sequence: Firm service up to the Firm Demand Quantity shall be considered the first service through the meter each day for a Customer that has elected both firm and interruptible service through a single meter.

RULES AND REGULATIONS

The Company's Rules and Regulations in effect from time to time, where no inconsistent with any specific provision hereof, are a part of this rate.

TERMS OF CONTRACT

The minimum initial term of contract for this service shall be a period of one year. At the end of the initial term, the contract shall continue from month to month until terminated by 60 days written notice from one party to the other.

PAYMENT TERMS

Invoices for this service will normally be rendered on or before the tenth day of the following month. Payment, by check or wire transfer, is due by the twentieth day, or ten days after the date of the invoice, whichever is later. Payments received after the due date are subject to a finance charge of two percent per month.

APPLICABILITY INDEX OF RIDERS INTRODUCTORY STATEMENT

Customers under the different rates of this Tariff frequently desire services or present situations and conditions of supply which require special supply terms, charges or guarantees or which warrant modification of the amount or method of charge from the prices set forth in the rate under which they are supplied. Modifications for such conditions are defined by rider provisions included as a part of this Tariff. Riders may be employed when applicable, with or without signed agreement between the Customer and the Company as the case may require.

<u>RIDERS</u>	<u>PAGE NUMBERS</u>	<u>RATES TO WHICH RIDERS APPLY</u>							
		<u>GR</u>	<u>GC</u>	<u>OL</u>	<u>L</u>	<u>IS</u>	<u>TSI</u>	<u>TSF</u>	<u>CGS</u>
Casualty	53	X	X	X	X	X	X	X	X
Construction	53	-	X	-	X	X	X	X	X
Excess Off-Peak Use	54	-	X	-	-	-	-	-	-
Receivership	55	X	X	X	X	X	X	X	X
Temporary Service	55	X	X	-	X	-	-	-	-

CASUALTY RIDER

APPLICABILITY. To service delivered during a period when a Customer is prevented for a length of time in excess of 48 hours from using all or a substantial part of the amount contracted for by reason of strike, riot, fire, storm, flood, drought, interference by civil or military authorities, or any other cause beyond the Customer's control.

NOTICE REQUIRED. Written request shall be made to the Company for the application of this rider with advice as to the extent of the interruption, its date, cause and probable duration.

GUARANTEES WAIVED. Guarantees of revenue under the Customer's contract shall be suspended during the period of the interruption, but shall be restored when the cause of interruption shall cease, be removed or remedied.

BILLS PRORATED. Bills for service supplied shall be prorated, based upon the actual level of operation during the period of suspension of guarantees.

RETURN TO NORMAL USE. The Customer shall use reasonable diligence in resuming the use of service provided in the Customer's contract.

TERM. The contract term shall be extended for a period equal to the period of suspension so that the Company shall secure a working term at full connected load equal to the term of the contract.

CONSTRUCTION RIDER

APPLICABILITY. To service supplied during a preliminary operating or construction period while the load is being built up to normal level or during a receding load period after the expiration of a standard contract term while a business is in process of dissolution.

GUARANTEE WAIVED. The guarantee minimum of a contract will be waived during the expanding load period preceding the operation within the load limits provided in the contract or the receding load period subsequent to the fulfillment of a contract term.

RIDER TERM. The total term of application of this rider during the preliminary or construction period shall be 6 months subject to the option of the Company to grant not more than two successive renewals of the rider term on major construction projects. Its application subsequent to the completion of a contract term shall be for not more than one year.

CONTRACT TERM. The termination date of a contract for service to permanent installations to which this rider is applied shall be extended for a period corresponding to the total time of the rider application during start up, construction or extension of the Customer's plant so that the Company will be assured the business represented by service to the total connected load for the term provided in the contract.

EXCESS OFF-PEAK USE RIDER

(This rider is in process of elimination and its application is restricted to those installations and those customers who were served under its provisions as of June 2, 1975.)

APPLICABILITY. To contracts for service under Rate GC, provided that:

1. All gas used under the contract to which this rider is applied is delivered to and metered at a single point.
2. The premises are used for purposes other than those of a private residence.

ON-PEAK MONTHS are the 5 months beginning November 16 and ending April 15.

OFF-PEAK MONTHS are the 7 months beginning April 16 and ending November 15.

ON-PEAK USE is the greatest monthly consumption of gas during any billing month within the preceding on-peak period.

EXCESS GAS is the gas used in any off-peak month in excess of on-peak use. In each off-peak month the Customer shall pay for gas used up to the on-peak use at the rate specified in the contract to which this rider is applied, and for all excess gas used at the rate of \$5.8661 per Mcf; provided, however, that the Customer must pay, during the seven-month off-peak period, for at least 50 Mcf at the rate for excess gas. During the initial year of service under this rider, the requirement of a minimum payment for 50 Mcf of excess gas will be proportionately reduced for Customers beginning service after April 15.

VARIABLE DISTRIBUTION CHARGE PRICE: \$1.5717 per Mcf.

The STATE TAX ADJUSTMENT CLAUSE, TRANSITION SURCHARGE, COMMODITY CHARGE ("CC") (if customer receives Sales Service), GAS COST ADJUSTMENT CHARGE ("GCA"), BALANCING SERVICE COST ("BSC") AND MIGRATION RIDER apply to this rider.

When the time a new Customer begins to take service hereunder precludes the determination of the on-peak use from records or experience, it shall be estimated by the Company.

RECEIVERSHIP RIDER

APPLICABILITY. To service supplied a Receiver-Trustee for the continued operation of a property formerly under contract for its gas service requirements.

AUTHORITY FOR OPERATION. The Receiver-Trustee shall possess the authority under appointment by Court, through an order duly entered, to operate premises recited in a contract for gas service under which the Company has been supplying gas.

ACCEPTANCE. The Receiver-Trustee shall accept and adopt for the continuation of the supply of gas service the contract therefore in effect, including all of its provisions, and agree to pay the Company for all service furnished hereunder during the receivership-trusteeship at the rate specified therein.

BILLING. The Company reserves the right to render bills on a biweekly basis. To provide for biweekly billing under this rider, the provisions of the applicable rate and rider, if any, will be modified as follows:

- (a) Where applicable, all references to monthly or month will be changed to biweekly or biweek.
- (b) Where applicable, the commodity charge will be determined on a monthly basis and multiplied by 14/30ths (0.4667).
- (c) The monthly rate per lighting device for Rate OL will be multiplied by 0.4667.
- (d) The minimum charge will be determined on a monthly basis and such sum will then be multiplied by 0.4667 to determine the minimum charge for the billing period.
- (e) A discount of 0.4% will be applied to the total bill.
- (f) A bill will be rendered biweekly covering the charges for the preceding billing period and such bill shall be paid within fifteen (15) days after receipt thereof.

CONTRACT TERM. The completion of the term of the contract taken over, or as terminated by the discharge of the Receiver-Trustee, or as arranged with the Receiver-Trustee for the continuation of supply under the standard terms of this Tariff.

TEMPORARY SERVICE RIDER

APPLICABILITY. To the supply of service for a temporary period.

AVAILABILITY. Temporary service will be supplied only when the Company has available unsold capacity from which to furnish it and its supply will not in any way interfere with service to other Customers.

INVESTMENT IN SUPPLY FACILITIES. The cost of the connection and disconnection of the service supply and of any equipment and extension of facilities required to furnish the temporary service under the applicable rate shall be paid by the Customer, but such payment shall not confer upon, nor entitle the Customer to any title to, or right of property in, said facilities and equipment.

MINIMUM TERM. Application of this rider shall not, for billing purposes, be considered to be for a period of less than one month.

CONTRACT TERM. Short term arrangements as agreed upon.

