

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
BUFFALO, NEW YORK**

RATES, RULES AND REGULATIONS

GOVERNING THE FURNISHING

OF

NATURAL GAS SERVICE

IN

TERRITORY DESCRIBED HEREIN

Issued: September 27, 1999

Effective: September 29, 1999

D.F. SMITH, PRESIDENT
BUFFALO, NEW YORK

This Supplement Decreases Existing Rates
See Page 2

LIST OF CHANGES MADE BY THIS TARIFF

DECREASE:

- 1.) The State Tax Adjustment Surcharge decreases to (0.10%)
Page 92.
- 2.) The Natural Gas Vehicle Service Rates decrease.
Pages 67B and 67C.

LIST OF CHANGES MADE BY THIS TARIFF

CHANGE:

- 11.) In Rider A, the formula for calculating purchase gas demand costs has been updated. Language has been added to the "DC" section to determine the estimated current demand cost of gas.
Page 86.
- 12.) In Rider A language pertaining to National Fuel Gas Supply Corporation was eliminated from the "SATCV" section.
Page 87.
- 13.) In Rider A language was added allowing the Company to update projected commodity gas costs for quarterly filings.
Page 90.
- 14.) In Rider A, language has been revised for sharing of EFT capacity releases and overdelivery charges. Credits obtained from releasing Supply Corporation's EFT capacity in excess of 40,271 Mcf on any day shall also be credited to sales customers.
Page 90.

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. 33 to
Gas - Pa. P.U.C. No. 8
First Revised Page No. 2B
Cancelling Original Page No. 2B

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TERRITORY COVERED BY THIS TARIFF

<u>County</u>	<u>Cities</u>	<u>Boroughs</u>	<u>Townships</u>		
Armstrong			Bradys Bend	Perry	Washington
Armstrong			East Franklin	Sugarcreek	West Franklin
Butler		Chicora	Adams	Fairview	Summit
Butler		Karns City	Allegheny	Forward	Venango
Butler		Mars	Center	Oakland	Washington
Butler		Petrolia	Concord	Parker	
Butler			Donegal	Penn	
Cameron		Emporium	Shippen		
Clarion		Clarion	Ashland	Highland	Paint
Clarion		East Brady	Beaver	Knox	Perry
Clarion		Strattanville	Brady	Limestone	Salem
Clarion			Clarion	Madison	Washington
Clarion			Elk	Millcreek	
Clarion			Farmington	Monroe	
Clearfield	DuBois	Falls Creek	Brady	Huston	Sandy
Crawford	Meadville	Blooming Valley	Cambridge	Summerhill	
Crawford	Titusville	Cambridge	Conneaut	Summit	
Crawford		Springs	East Fairfield	Venango	
Crawford		Cochrannton	East Mead	Vernon	
Crawford		Conneaut Lake	Fairfield	Wayne	
Crawford		Conneautville	Greenwood	Woodcock	
Crawford		Hydetown	Hayfield	West Mead	
Crawford		Linesville	Oil Creek		
Crawford		Saegertown	Pine		
Crawford			Randolph		
Crawford		Springboro	Richmond		
Crawford		Townville	Sadsbury		
Crawford		Venango	South Shenango		
Crawford		Woodcock	Spring		
Crawford			Steuben		
Elk		Johnsonburg	Benzinger	Horton	Ridgway
Elk		Ridgway	Fox	Jay	Spring Creek
Elk		St. Marys	Highland	Jones	
Elk				Millstone	
Erie	Corry	Albion	Amity	McKean	
Erie	Erie	Cranesville	Concord	Millcreek	
Erie		East Springfield	Conneaut	North East	
Erie		Edinboro	Elk Creek	Springfield	
Erie		Elgin	Fairview	Summit	
Erie		Fairview	Franklin	Union	
Erie		Girard	Girard	Venango	
Erie		Lake City	Greene	Waterford	
Erie		Middleboro	Greenfield	Wayne	
Erie		Mill Village	Harborcreek	Washington	
Erie		Platea	Lawrence Park		
Erie		Union City	Leboeuf		
Erie		Waterford			
Erie		Wattsburg			
Erie		Wesleyville			

TERRITORY COVERED BY THIS TARIFF
(Continued)

County	Cities	Boroughs	Townships		
Forest			Barnett	Hickory	Jenks
Forest			Green	Howe	Kingsley
Forest			Harmony		
Jefferson		Brockway	Barnett	Knox	Union
Jefferson		Brookville	Beaver	Pinecreek	Warsaw
Jefferson		Corsica	Clover	Polk	Washington
Jefferson		Falls Creek	Eldred	Rose	Winslow
Jefferson		Reynoldsville	Heath	Snyder	
Jefferson		Sykesville			
McKean	Bradford	Lewis Run	Bradford	Hamlin	Otto
McKean		Smethport	Eldred	Keating	Sergeant
McKean			Foster	Lafayette	Wetmore
McKean			Hamilton	Norwich	
Mercer	Farrell	Clarksville	Coolspring	Jefferson	Sugar Grove
Mercer	Sharon	Fredonia	Delaware	Lackawannock	West Salem
Mercer		Greenville	E. Lackawannock	Lake	Worth
Mercer		Jackson Center	Fairview	Perry	
Mercer		Jamestown	Findley	Pine	
Mercer		Mercer	French Creek	Pymatuning	
Mercer		Sharpsville	Green	Sandy Creek	
Mercer		Sheakleyville	Hempfield	Sandy Lake	
Mercer		West Middlesex	Hickory	Shenango	
Mercer		Wheatland	Jackson	South Pymatuning	
Venango	Franklin	Cooperstown	Canal	Irwin	President
Venango	Oil City	Pleasantville	Cherrytree	Jackson	Richland
Venango		Polk	Clinton	Mineral	Rockland
Venango		Rouseville	Cornplanter	Oakland	Sandycreek
Venango		Utica	Cranberry	Oilcreek	Scrubgrass
Venango			Frenchcreek	Pinegrove	Sugarcreek
Warren		Clarendon	Brokenstraw	Freehold	Pittsfield
Warren		Sugar Grove	Columbus	Glade	Pleasant
Warren		Tidioute	Conewango	Limestone	Sheffield
Warren		Warren	Deerfield	Mead	Sugar Grove
Warren		Youngsville	Farmington	Pine Grove	Triumph

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED

1. RULES AND REGULATIONS

The customer's application for service, the rules and regulations promulgated by the Pennsylvania Public Utility Commission and published at 52 Pa. Code Chapter 56, as amended from time to time, and the rules and regulations contained herein are a part of the contract with each Customer, and each Customer agrees to be bound thereby.

The rules and regulations promulgated by the Pennsylvania Public Utility Commission and published at 52 Pa. Code Chapter 56, as amended from time to time, are incorporated herein by reference and are made a part hereof.

2. APPLICATIONS FOR SERVICE

The Company may require any applicant for service to sign an application. Regardless of the manner in which an application is made, the acceptance of such application by the Company shall result in a contract service governed by Rule 1.

3. DETERMINATION OF COMPANY INVESTMENT FOR UPGRADE/EXTENSION OF FACILITIES

A. Maximum Company Investment Level

The Company investment for upgrade/extension of facilities for a firm gas customer shall be limited to an amount determined as follows:

Maximum Company Investment = $\frac{\text{Additional Annual Revenues} \times \text{Justified Company Investment per Dollar of Additional Annual Revenue}}$

B. Determination of Additional Annual Revenues

The Additional Annual Revenues are calculated as follows:

(1) The Company will estimate the customer's projected firm annual volumes as follows:

(a) Residential

For guideline purposes, the Company shall use annual gas consumption figures for gas space heating and for various gas appliances as shown below (These figures are based on current insulation standards as well as 80% efficient furnaces):

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

3. DETERMINATION OF COMPANY INVESTMENT FOR UPGRADE/EXTENSION OF FACILITIES
(Cont'd)

Gas Space Heating:

Single Family Home - [(square footage x .032) +11] Mcf
Apartment - [(square footage x .029) + 8] Mcf
Mobile Home - [(square footage x .029) + 37] Mcf

Gas Appliances:

Gas Water Heater - 36 Mcf
Gas Dryer - 2.5 Mcf
Gas Range - 5.0 Mcf

(b) Commercial or Public Authority: Industrial

The Company shall estimate projected firm annual volumes on a case-by-case basis.

(2) This annual volume is then distributed into 12 monthly amounts based on an average distribution in the appropriate revenue classification. (Alternatively, the customer's annual usage estimate may be distributed according to his own historic or projected monthly load profile pursuant to the Company's review and approval.)

(3) The appropriate rate schedule is applied to each monthly volume, and the results are added to produce annual gross revenues.

(4) For each monthly volume, the summation of the following costs shall be determined: (a) the portion of monthly gross revenues for recovery of purchased gas costs pursuant to applicable provisions of Rider A to this tariff and the applicable rate schedule; (b) Transition costs pursuant to applicable provision of Rider G to this tariff and the applicable rate schedule.

|
(C)
|

The portion of monthly gross revenues for recovery of Purchased Gas Costs and Transition Costs for each month shall be added together to produce annual revenues for recovery of Purchased Gas Costs and Transition Costs.

(C)
(C)

(5) The amount calculated under item (4) above, shall be subtracted from the amount calculated under item (3) above.

(6) Additional annual revenues resulting from the upgrade/extension shall be determined by reducing the annual revenues for recovery of non-gas costs as calculated in (5) above, by the customer's currently generated annual revenues for recovery of non-gas costs, if any, as determined by the Company.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

3. DETERMINATION OF COMPANY INVESTMENT FOR UPGRADE/EXTENSION OF FACILITIES
(Cont'd)

C. Determination of Justified Company Investment Per Dollar of
Additional Annual Revenue

(1) Residential

The Justified Company Investment Per Dollar of Additional Annual Revenue for residential customers is \$3.36. (D)

(2) Commercial and Public Authority; Industrial

The Justified Company Investment Per Dollar of Additional Annual Revenue for commercial, public authority or industrial customers shall be selected from the table below based upon the projected term of use by the customer of the new or upgraded facilities.

<u>Projected Term of Use of New/Upgraded Facilities (Years)</u>	<u>Justified Company Investment Per Dollar of Additional Annual Revenue</u>
1	\$.38
2	.72
3	1.03
4	1.31
5	1.56
6	1.79
7	1.99
8	2.17
9	2.34
10	2.49
Greater than 10	3.36

(D)

Because the term of use has a substantial effect on the determination of the Justified Company Investment Per Dollar of Additional Annual Revenue, the Company will require a letter of intent from commercial, public authority and industrial customers projecting the term of use of the new or upgraded extension of facilities being requested.

The Company reserves the right to require a guaranteed revenue contract if the customer projects a term of use of the new or upgraded facilities in excess of 10 years or if the customer does not demonstrate that the customer's term of use is reasonable.

(D) Indicates Decrease

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

3. DETERMINATION OF COMPANY INVESTMENT FOR UPGRADE/EXTENSION OF FACILITIES
(Cont'd)

Additionally, the Company reserves the right to require a guaranteed revenue contract from a commercial, public authority or industrial customer if any of the following conditions exist:

- (1) The investment is for a dual fuel or partially dual fueled facility;
 - (2) The Company determines that a customer's financial status does not demonstrate that the customer will be able to pay bills for the projected term of use of the facilities; or
 - (3) The actual investment by the Company is greater than \$50,000.
- (3) Recomputation

The Justified Company Investment Per Dollar of Additional Annual Revenue amounts set forth above shall be recomputed based upon the Company's capital structure, rate of return and resultant weighted cost of capital in each base-rate proceeding pursuant to Section 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308(d). In the case of proceedings in which the Commission approves a specific rate of return, such recomputations shall be submitted with the compliance filing in the base-rate proceeding in which the Commission actually approves a capital structure, rate of return and resultant weighted cost of capital for the Company.

(C)

D. Application of Maximum Company Investment

The Maximum Company Investment as determined above shall be applied, first, to the installed meter cost, if any, and then will be applied towards any mainline and/or service line extension, service connection, and/or the upgrade of any of the Company's facilities to accommodate increased volumes of sales or transportation. However, if the Maximum Company Investment is less than the installed meter cost, Company will provide and install the meter at no cost to the Customer.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

4. UPGRADE/EXTENSION OF FACILITIES

A. Residential

Whenever the owner or occupant of any property eligible for service as a residential customer makes a written application for service to the Company, and the Company has authority to render service to said applicant, the Company shall extend its facilities so as to serve said property or new residential development, provided that the applicant shall first have executed an agreement to pay to the company the rate charged under the appropriate service classification and to contribute to the cost of extending facilities, an amount equal to the difference between the total cost of construction of facilities less the Company's Maximum Investment (as calculated in Rule No. 3, above).

Income taxes, if any, paid with respect to the Contribution will be recorded in a deferred account and such taxes, less the income tax effect of depreciation received with respect to the property constructed with the Contribution, will be included in the Company's rate base in subsequent rate case proceedings.

B. Commercial or Public Authority; Industrial

Whenever the owner or occupant of any property eligible for service as a Commercial or Public Authority customer, or as an Industrial customer, makes a written application for service to the Company, and the Company has authority to render service to said applicant, the Company shall extend its system so as to serve said property, provided said applicant shall first have executed an agreement to pay to the Company the rates charged under the appropriate service classification and to contribute to the cost of extending facilities, an amount equal to the difference between the total cost of construction of facilities less the Company's Maximum Investment (as calculated in Rule No. 3, above).

Income taxes, if any, paid with respect to the Contribution will be recorded in a deferred account and such taxes, less the income tax effect of depreciation received with respect to the property constructed with the Contribution, will be included in the Company's rate base in subsequent rate case proceedings.

The Company's Maximum Investment for Commercial or Public Authority and Industrial customers shall equal the Maximum Company Investment as calculated in Rule No. 3 above; provided, however, that, in the event that the Company reasonably believes that the Company's installation of facilities will be completed substantially in advance of date that the Customer's use will equal projected annual volumes used to calculate the Maximum Company Investment as calculated in Rule No. 3 above, the Company may discount the Maximum Company

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

4. UPGRADE/EXTENSION OF FACILITIES (Cont'd)

Investment as calculated in Rule No. 3 above to present value based upon the projected date that the total level of projected annual volumes is expected to be achieved, using the Company's most recent Commission-approved fair rate of return.

C. Developer/Builder

Whenever the Developer/Builder of an property eligible for service makes a written application for service to the Company, and the Company has authority to render service to the property to be developed, the Company shall extend its system to serve said property, provided that, if the cost to extend the facilities exceeds the Maximum Company Investment, as calculated below, the Developer shall have entered into an agreement to contribute to the cost of extending facilities.

The Maximum Company Investment for extensions involving a Developer/Builder shall be calculated as follows:

(1) The Developer/Builder shall provide a reasonable schedule of unit completion within the property to be developed;

(2) The Maximum Company Investment shall be calculated (as provided in Section 3) separately based on the number of units scheduled to be completed:

(a) within twelve months from the date of the estimated completion of construction of the new facilities; and

(b) during each successive twelve month period following the date of the estimated completion of construction of the new facilities.

(3) For all units not scheduled for completion within twelve months from the estimated date of completion of the construction of the new facilities, the Maximum Company Investment, as calculated above, shall be discounted to present value at the projected date of the completion of Company installed facilities using the Company's most recent Commission-approved fair rate of return.

(4) The sum of the discounted Maximum Company Investment for units to be installed more than twelve months after construction of Company facilities and the Maximum Company Investment for units scheduled for completion within twelve months of the estimated date of completion of construction of Company facilities shall equal the total Maximum Company Investment for the extension.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

4. UPGRADE/EXTENSION OF FACILITIES (Cont'd)

The Developer/Builder shall contribute to the cost of extending facilities, an amount equal to the difference between the total cost of construction of facilities less the Maximum Company Investment (as calculated above).

Income taxes, if any, paid with respect to the Contribution will be recorded in a deferred account and such taxes, less the income tax effect of depreciation received with respect to the property constructed with the Contribution, will be included in the Company's rate base in subsequent rate case proceedings.

In the event that the Developer/Builder does not achieve the projected annual completion rate, the Maximum Company Investment and the amount to be contributed will be recalculated, in the same manner stated above, based upon actual units completed. If the recalculated amount to be contributed is greater than the previously calculated amount to be contributed, the Developer/Builder will be required to pay such difference to the Company; (C)
provided, however, that no amount will be required to be paid if the recalculated amount to be contributed exceeds the Company's actual cost of construction less the recalculated Maximum Company Investment. (C)

D. Upgrade

The Company's investment for the upgrade of facilities shall be subject to the formula described in Rule No. 3. An upgrade is required when the customer needs dictate increasing or changing the current service line, main line or meter size for the increased volume or pressure requirements.

E. Advance Payment and Construction

Construction of any extension will not be undertaken until the amount of the applicant's contribution has been paid to the Company by the applicant. The actual construction of the extension shall be scheduled at the Company's discretion.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

4. UPGRADE/EXTENSION OF FACILITIES (Cont'd)

F. Refunds of Customer Investment

In the event additional volumes are added to an extension/upgrade of the Company's facilities paid for by a customer or a developer/builder, within five (5) years of the date of completion thereof, a pro rata refund will be made to customers or developer/builder who were charged for such extension. An annual review of such extensions is made on the anniversary date of completion thereof, during said five (5) years, and any refunds due are made at that time.

5. MAINTENANCE OF FACILITIES

After initial installation of facilities has been made, pursuant to Rule Nos. 3 and 4, above, all facilities including mains, customer service lines (i.e., the portion of the service line from the outlet of the Company's service stop cock to the inlet of the meter) and Company service lines (i.e. the portion of the service line from the gas main to and including the curb box and service stop cock), shall be maintained, replaced or renewed, as required, at the expense of the Company.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

6. METERS

Gas delivered to customers from services attached to distribution lines shall be measured by meters to be furnished, installed and owned by the Company.

If, at any time after the installation of a meter, conditions are changed so that its location becomes unsuitable, the Company shall have the right to move the meter to a suitable place at the expense of the customer or property owner.

The cost of changes in location of meters made at the request of the property owner shall be borne by the owner. The customer shall not tamper with the meter and shall permit no one except employees of the Company to connect or disconnect the meter.

The customer shall be responsible to the Company for any injury to, or loss of, any meter arising out of or caused by the customer's negligence or carelessness, or that of his servants, employees, members of his household, or any person upon his premises under or by his consent, or sufferance. The customer shall at once notify the Company of any injury to, or any cessation in registration of, the meter as soon as it comes to his knowledge.

The Company, in its sole discretion, may install, together with its meter, an automated meter reading device ("AMD"), which can communicate automatically data from the meter to the Company by use of the telephone system. Customer shall provide the Company a suitable location for installation of an AMD, and the customer shall permit the Company to connect the AMD to the customer's existing telephone inside wiring. The customer shall not be required to install or modify telephone inside wiring or to subscribe to public utility telephone service in order to receive service from the Company.

The Company shall provide at least 72 hours' notice of the installation of an AMD at the customer's premises. The Company will not install an AMD at a customer's premises unless the AMD is designed to relinquish control of the customer's telephone line when the customer's telephone equipment is activated.

If an AMD installed by the Company fails to relinquish control of a customer's telephone line when the customer's telephone equipment is activated, then such AMD will be replaced or repaired by the Company at the Company's expense. The Company will not install any AMD capable of transmitting voice communications unless specific permission is obtained from the Commission prior to installation.

If a Customer of the Company is billed by a telephone public utility specific charges for usage of telephone service (toll charges or local message unit charges) or charges for maintenance services that were caused by the Company's installation or use of AMD's, then the Company will reimburse the Customer for such charges.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

7. CUSTOMER'S PIPING AND EQUIPMENT

Prior to the installation of house piping by the customer in new or altered premises, inquiry shall be made of the Company to determine the requirements, sizes of pipe, quality and other specifications.

House lines, piping, connections and appliances are subject to inspection by the Company and no gas will be delivered unless all conditions are satisfactory.

The Company gives no warranty, expressed or implied, as to the adequacy or safety of any structure, equipment, piping, appliance or device owned, installed, leased or maintained by or for the customer or the owner of the premises served.

8. ACCESS TO PREMISES

The authorized agents of the Company shall, at all reasonable times, have free access to any premises supplied with gas or to which a service connection has been made, for the purpose of reading, inspecting, repairing or removing meters, piping, or other appliances therein belonging to the Company and of inspecting the piping and appliances belonging to the customer.

Every industrial customer shall permit the Company, during business hours and upon reasonable notice, to inspect the customer's facilities so that the Company may determine whether facilities have been installed which would enable the customer to obtain volumes of gas without using the Company's system ("Bypass Facilities"). If a customer refuses to permit the Company to inspect the customer's facilities, it shall be presumed that Bypass Facilities have been installed.

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(C)
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9. INTERRUPTION OF SERVICE

In accordance with the Public Utility Code, the Company will provide service which shall be reasonably continuous and without unreasonable interruptions or delay. The Company shall not be liable, in any amount, for damages, direct or consequential, where service meets requirements of the Public Utility Code. This limitation of liability, however, shall not apply to Company conduct which is found to be willful, wanton or reckless. If the Company shall know, in advance, of an expected interruption of service, the Company will take all reasonable steps, such as personal contact, phone contact or the use of mass media, to notify affected customers of the cause and expected duration of the interruption.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

10. LEAKS

The responsibility for detecting leaks or defects in piping between the Company's service connection and the point of consumption shall be upon the customer. The customer shall give immediate notice to the Company of inadequate, irregular or failing gas supply, leakage, abnormally high or low pressures, or any dangerous conditions.

Should any leak or defect be discovered in the mains, service connections, customer's service line, piping, or appliances, the Company shall have the right to shut off the supply of gas until satisfactory repairs have been made.

11. REFUSAL OR TERMINATION OF SERVICE

The Company may decline to serve an applicant (1) until he has complied with state and municipal regulations governing gas service and the approved Rules and Regulations of the Company contained in this Tariff and any supplement thereto, (2) if the Company does not have adequate facilities to render the service desired or if rendering such service would affect unfavorably service to other customers, (3) if in the Company's judgment, the applicant's installation of piping or gas equipment is regarded as hazardous or of such character that satisfactory service cannot be given, (4) if an extension of street main is required beyond length warranted by anticipated revenues, and the customer refuses to pay the charges required by Rule 3 of this Tariff, (5) until all amounts due for service at a previous location have been paid or covered by a payment agreement (unless the amount owed is more than four years after the date of the final bill, in which case service cannot be refused), (6) or where the service proposed is from a production or transmission pipeline (see Rule 25).

The Company may terminate service for nonpayment of a billing or billings for service, and such termination of service shall be in accordance with general regulations of the Pennsylvania Public Utility Commission applicable thereto and in accordance with the Public Utility Code.

The Company may terminate service for such reasons and on such notice as specified by the regulations of the Pennsylvania Public Utility Commission, or for other violation of these Rules and Regulations.

The Company may refuse to serve any applicant, or may terminate service to any customer who fails to pay a security deposit or who fails to provide the Company with security in lieu of a deposit as provided for in this Tariff

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

12. RECONNECTION OF SERVICE

When the supply of gas to any customer is turned off due to the customer's failure to pay for service, for any other infraction of these Rules and Regulations or at the customer's request, and if there has been no change in ownership or occupancy of the premises served, the supply of gas will not be turned on until the customer or applicant has paid a reconnection fee of \$32.00. If the supply of gas was turned off due to a residential customer's failure to pay for service and if either the former customer reapplies for service or if a court, district justice or administrative agency has determined that the applicant is legally obligated to pay for the service previously furnished, the supply of gas will not be turned on until the customer or applicant has paid all outstanding bills for service or has entered into a payment agreement with the Company. If the supply of gas was turned off due to a non-residential customer's failure to pay for service and if the former customer reapplies for service or if a court, district justice or administrative agency has determined that the applicant is legally obligated to pay for the service previously furnished, the supply of gas will not be turned on until the non-residential customer or applicant has paid all outstanding bills for service.

(C)

13. DISCONTINUANCE NOTICE BY CUSTOMER

Any customer who is about to vacate any premise supplied with gas, or who for any reason wishes to have service discontinued, shall give at least seven days' notice to the utility specifying the date on which it is desired that service be discontinued. The customer who fails to give proper notice shall be liable for all gas which passes through the meter, until: the account is terminated; another party occupies the premises and agrees to assume responsibility for gas service; or, the customer notifies the Company or the Company learns that he has or will vacate the premises, in which case he shall be responsible for gas used for the period, not to exceed seven days, before the Company is able to discontinue service.

14. GAS DELIVERED UNDER HIGH PRESSURE

The rates contained in this tariff are based upon gas delivered under conditions generally applicable to low pressure service (four ounce base). Bills for gas metered under high pressure will be computed upon the volume as indicated by the meter registration increased to the equivalent volume at standard pressure.

15. BILLING

Bills will be rendered and will be payable once each month. The Company may read any meter once each month but ordinarily it will read meters of domestic and commercial customers once each two months. As to any customer whose meter is read once each two months, the consumption for the first month of each bimonthly meter reading period shall be determined by calculation on the basis of the customer's previous usage adjusted for weather conditions; and the consumption for the second month of each bimonthly meter period shall be determined by subtracting the first month's calculated consumption from the total actual consumption for the bimonthly period as shown by the meter. The bill for each month shall be the result of applying to the consumption, determined as aforesaid, the applicable rates and charges contained in this tariff.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

15. BILLING (Cont'd)

Upon request the Company will supply any customer with a card form upon which he may record his meter reading at the end of the first month of each bimonthly meter reading period; and if such card is received by the Company within two days after the close of such month, the bill for such month will be computed from the meter reading shown on the card instead of by calculation. The Company will adjust calculations of bills for changes in conditions of which it has been notified in advance by a customer.

If the meter reader in any month is unable to gain access to the premises for the purpose of reading the meter, a calculated bill will be rendered and adjustments, if any, will be made by the Company when the meter is read.

In those instances where the Company's agent or representative is unable to gain access to the customer's premises during the regular scheduled working hours to obtain a meter reading, the number of calculated readings shall be limited to six consecutive months, and the customer's service, thereafter, is subject to termination, after due notice.

The late payment date specified on the monthly bill is not less than fifteen days from date the bill is mailed except that, for service under, or billed in conjunction with, residential rate schedules, the late payment date is not less than twenty days from the date the bill is mailed.

16. PENALTY CHARGES

If the customer fails to pay his gas bill by the late payment date, a penalty will be charged. Payments received by mail will be considered paid on the date of the postmark.

The penalty charged to all customers shall be 1.50% on the full unpaid and overdue balance.

17. BILLING PERIOD

Bills will be mailed monthly to residential customers for service furnished during the preceding meter-reading period at least twenty (20) days prior to the expiration of the late payment date as shown on the bill.

Bills will be mailed monthly to Commercial, Public Authority, Industrial and Large Industrial customers for service furnished during the preceding meter reading period at least fifteen (15) days prior to the expiration of the late payment date as shown on the bill.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

18. BALANCED BILLING PLAN

The company has available a budget payment plan for Residential, Commercial, and Public Authority customers. At the request of any Residential, Commercial or Public Authority customer who uses gas as the primary source for space heating and who satisfies the company's credit standards, monthly payments for such customers may be made as follows:

Monthly payments shall be based on an amount equivalent to 1/12th of the customer's estimated annual bill rounded to the next higher dollar amount.

If a debit balance has accrued as of the 12th cycle month of this plan, the customer may either incorporate it all in the 12th cycle month's payment or at the company's discretion, spread all or part of the debit in equal monthly installments over the next cycle year. If the credit balance is accrued, the customer shall have the option of either receiving a cash refund, having it applied against the current bill, or having it used to reduce the monthly installments in the next cycle year. Absent an indication from the customer of his preference, the debit or credit will be applied to the first monthly installment in the ensuing year.

19. SEASONAL SERVICE

Service to Residential, Commercial, Public Authority, and Industrial premises occupied seasonally will be supplied at the rates and minimum charges of the applicable rate schedule.

20. SUPPLYING OF GAS SUPPLIES TO OTHER CUSTOMERS

(C)

No branch, valve or fixture which would permit gas to be withdrawn without registering on the meter shall be connected to a customer service line (i.e., the portion of the service line from the outlet of the Company's service stop cock to the inlet of the meter).

No extension of facilities, including the customer service line and facilities connected thereto and extending into a customer's premises, may be used to provide gas service at any additional or different premises. As used herein, a premises is defined as a single building; or the several buildings of a housing development under one ownership within a single parcel of land not intersected by a public highway or city street; or the several buildings of a religious, charitable, educational, or benevolent corporation if used exclusively for such purposes, if situated on adjoining properties even if intersected by a public highway or city street; or an industrial plant if situated on adjoining properties even though intersected by a public highway or a city street.

21. CONJUNCTIVE BILLING

The company may, when Engineering or operational conditions warrant, or to improve service, install two or more meters on the same premises to service a single customer, in which event the consumption registered by such meters shall be consolidated and the rates under which service is taken applied to the total consumption. The term "same premises" means a single building; or

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

21. CONJUNCTIVE BILLING (Cont'd)

the several buildings of a housing development under one ownership within a single parcel of land not intersected by a public highway or city street; or the several buildings of a religious, charitable, educational, or benevolent corporation if used exclusively for such purposes, if situated on adjoining properties even though intersected by a public highway or city street; or an industrial plant if situated on adjoining properties even though intersected by a public highway or a city street. Once a service line and meter are established as serving a single building or a portion of a building, as a separate account, that building or portion of a building shall remain a separate account and shall not be eligible for conjunctive billing regardless of change of ownership.

Service arrangements existing on August 28, 1980, to customers at premises not conforming to the above definition of "same premises" shall be permitted to continue so long as said customers remain at the premises presently served. Such non-conforming service arrangements shall neither be expanded to said customer's newly-acquired premises, nor transferred in whole or in part to different premises, nor continued at the same premises for different customers.

22. ADJUSTMENT OF BILLS FOR METER ERROR

Charges to customers will be adjusted for fast, slow and nonregistering meters, as per Section 59.22 of the regulations of the Pennsylvania Public Utility Commission for Gas Service, 52 Pa. Code Paragraph 59.22.

23. METER TEST ON REQUEST OF CUSTOMER

Meters which are not due for periodic tests will be tested for accuracy as per Section 59.21 of the regulations of the Pennsylvania Public Utility Commission for Gas Service, 52 Pa. Code Paragraph 59.21, upon written request by the customer and payment to the Company of a deposit in the amount specified by said regulations.

24. RULES FOR SECURING DEPOSITS

Deposits may be required from customers taking service for a period of less than thirty days in an amount equal to the estimated bill for such temporary period.

Deposits may be required from Commercial or Industrial customers but shall not exceed the amount equal to the sum of amounts computed by applying the applicable sales rate schedule to the volumes of gas received from the Company by the Customer during the two, of the most recent twelve months of greatest usage by the Customer of gas received from the Company. In lieu of actual experience, the determination will be based on an estimate considering all relevant information and data.

Deposits may be required from Residential customers in accordance with the Rules and Regulations of the Public Utility Commission found at 52 Pa. Code, Chapter 56.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

24. RULES FOR SECURING DEPOSITS (Cont'd)

Security, in the form of a cash deposit, letter of credit, surety bond, or third-party guarantee, will be required from the applicants for Non-residential service unless: A) the premises to which gas service is to be supplied is a branch of, or additional facility operated by, financially responsible, enterprise which will be the ratepayer of record with respect to gas bills incurred at the premises; or, B) in the case of a premises not covered by "A" above, the Company determines, through relevant Company records covering past direct dealings with the applicant over a period of at least one year, that a deposit is not necessary. Security, in the form of a cash deposit, letter of credit, surety bond, or third-party guarantee, will be required from existing Non-residential customers where the Company determines that the customer's credit standing warrants concern as to its continuing ability to pay. In evaluating a customer's credit standing, the Company will take into account certain factors, including, but not limited to, the following: i) average monthly consumption; ii) average monthly bill; iii) payment history during the immediately preceding twelve month period; iv) customer's general credit standing as evaluated by any available applicable credit rating indices or rating services; v) customer's payment history and credit standing with other lenders or providers of utility and other services.

Interest will be paid on Residential deposits at the rate of the average of one year Treasury Bills for September, October and November of the previous year and six percent (6%) per annum on all non-residential deposits without deductions for any taxes thereon. Upon deposits held for more than a year, the Company shall pay to the patron, at the end of each calendar year, the interest accrued thereon. (C)

25. CUSTOMERS SERVED THROUGH SERVICE CONNECTIONS ATTACHED TO FACILITIES OTHER THAN DISTRIBUTION SYSTEM LINES

Service from a line outside the Company's low pressure and medium pressure distribution systems will not be furnished unless such line is at that time being operated in a manner which will permit gas to be served to the applicant without interference with its operation. The furnishing of such service will be with the understanding that the use or manner of use of the Company's line from which gas is to be supplied is not permanent and that such service is subject to temporary or absolute change or discontinuance at the sole discretion of the Company which may at any time remove, repair or change the use or manner of operating said line after having first canceled the service contract by thirty days' written notice to the customer.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES (Cont'd)

25. CUSTOMERS SERVED THROUGH SERVICE CONNECTIONS ATTACHED TO FACILITIES OTHER THAN DISTRIBUTION SYSTEM LINES (Cont'd)

The customer assumes sole responsibility, financially and otherwise for obtaining alternative sources of fuel in the event that customer's service is interrupted or discontinued permanently or temporarily, as described in the preceding paragraph.

The Company has the right to cancel the service contract for any such reason or in accordance with any other published rule or regulation of the Company, and, during the term of the contract, the Company shall not be liable for any deficiency in the supply of gas caused by the use of compressing stations, breakage of lines or other causes or for any claim for damages on account of any matters set forth in this paragraph.

All materials used in connecting the meter and regulators from the outlet of the Company's service stop cock to the outlet of the meter, and including the box or structure housing the meter and regulators, shall be furnished and installed by the Company at the expense of the customer. The meter and regulators shall belong to the Company and will be installed as near to the Company's lines as is practicable.

26. GAS SHORTAGE CURTAILMENT

A. Company's Right to Curtail or Limit Service

In the event of an insufficient supply of gas which threatens its ability to meet its customers' total requirements, the Company shall have the right to curtail or limit any customer's use of gas.

In the event of any curtailment or limitation of service, the Company shall not incur any liability for any cost, expense, loss or injury which may be sustained by reason of such curtailment, or limitation.

B. Priority of Service

The gas supplies available to the Company will be allocated among its customers in accordance with the priorities of use listed below. Customers in higher priority will 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 will be prorata, that is, weighted in accordance with the base allotments of the customers within that classification or, in the case of classification (2) weighted in accordance with the volumes, delivered into the Company's distribution system, on behalf of the customer. (C)

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

26. GAS SHORTAGE CURTAILMENT (Cont'd)

The Company shall take such actions as are necessary and appropriate to satisfy its customers' requirements together with invoking curtailment hereunder, including, but not limited to, restricting overrun services for transportation customers as provided elsewhere in this tariff. Following are the priority categories listed in descending order:

- (1) Residential and firm critical commercial essential human needs.
- (2) Requirements satisfied by gas transported by the Company, that is not gas released by the Company. (C)
- (3) Firm small commercial requirements, excluding critical essential human needs requirements in Category 1, and firm large commercial and industrial requirements for plant protection.
- (4) Firm small industrial requirements
- (5) Firm large critical commercial and industrial requirements, excluding firm critical commercial essential human needs requirements in Category 1.
- (6) Firm large noncritical commercial and industrial requirements other than requirements for boiler fuel use.
- (7) Firm large noncritical commercial and industrial requirements for boiler fuel use. (C)
- (8) Contractually interruptible use.

C. Definitions

As used herein, certain terms shall have the meanings ascribed to them hereunder:

- (1) Supply deficiency - the volume of gas during a given period by which the Company's forecasts of customer demands plus gas required for storage injection exceed the Company's forecast of available gas supplies.
- (2) Large customers - a Commercial or Industrial customer whose annual consumption is 12,000 Mcf or more.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

26. GAS SHORTAGE CURTAILMENT (Cont'd)

(3) Small customers - a customer whose annual consumption is less than 12,000 Mcf.

(4) Base consumption - the annual volume of gas assigned by the Company to each large customer whose consumption in the most recent 12 consecutive billing months exceeds 12,000 Mcf. Each such customer has been notified of his base consumption which was established in accordance with one of the following procedures.

(4a) Customers using over 60,000 Mcf during any 12-month period:

i. The highest total consumption in 12 consecutive monthly billing periods in the 24 months ended December 31, 1972, or 60,000 Mcf whichever is greater.

ii. The highest consumption in 12 consecutive monthly billing periods in the 24 months ending December 31, 1973, or 60,000 Mcf whichever is greater.

(4b) Customers using over 12,000 Mcf but never over 60,000 Mcf during any 12-month period:

i. The highest consumption in the calendar years 1971 through 1975 or 12,000 Mcf whichever is greater.

ii. The highest total consumption in 12 consecutive monthly billing periods in the 24 months ended December 31, 1973, or 12,000 Mcf whichever is greater.

(5) 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.

(6) 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, schools and governmental agencies. Commercial use shall not include use of gas for manufacturing or electric power generation.

(7) Critical uses - gas usage where natural gas, propane or other gaseous fuel is the only feasible form of energy due to its combustion characteristics, controllability or chemical properties. Gas usage by an LVIS or LIS customer, that has contracted for transportation service with the Company, shall not be classified as critical unless the customer has contracted for standby service volumes equal to, or greater than, such gas usage.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

26. GAS SHORTAGE CURTAILMENT (Cont'd)

The Company reserves the right to consider factors such as time required for conversion, availability or deliverability of alternate fuels, building or zoning codes, technology and physical limitations when classifying gas requirements under this definition.

(8) Essential human needs use - gas usage by customers 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.

(9) Firm service - service pursuant to schedules or contracts under which the utility is expressly or impliedly obligated to deliver specific volumes within a given time period or which anticipates no interruptions, but which may permit unexpected interruptions in case service to higher priority customers is threatened. A utility shall be deemed to be impliedly obligated to deliver specific volumes where such utility has by any means previously or presently established periodic allocations for its customers. Specifically with regard to LVIS or LIS customers, service to such LVIS or LIS customers that have not also contracted for transportation service with the Company is deemed to be firm service. Service to such LVIS or LIS customers that have contracted for transportation service with the Company shall not be classified as firm service, except to the extent that firm requirements have been contracted for under Rate Schedule SB - Standby Service.

(10) 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.

(11) Interruptible service - service pursuant to schedules or contracts under which the utility expressly or impliedly reserves the option to interrupt or curtail deliveries.

(12) Noncritical use - gas usage where natural gas, propane or other gaseous fuel is not the only feasible form of energy; i.e., where the user has alternate fuel capability. Also, gas usage by such LVIS or LIS customers, that have contracted for transportation service with the Company, in excess of the customer's nominated standby volumes under Rate Schedule SB.

Temporary exception - customers, other than LVIS or LIS customers that have contracted with the Company for transportation service, with alternate fuel capability but without existing alternate fuel facilities will be granted a period of time in which to install alternate fuel facilities. During this period, the gas volumes associated with said facility will be placed in a temporary subcategory of a critical priority for not more than two years after being formally notified by the Company.

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

26. GAS SHORTAGE CURTAILMENT (Cont'd)

(13) 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 alternate 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.

(14) Residential use - gas usage in a residential dwelling or unit for space heating, air conditioning, cooking, water heating, or other domestic purposes.

(15) Authorized consumption - a maximum volume of gas which a large customer may consume during the period November through October or during such other period as the Company may specify. Unless otherwise notified by the Company, each customer's authorized consumption shall be his base consumption.

(16) Excess consumption - the volume of gas by which a customer's actual consumption exceeds his authorized consumption.

D. Curtailment Procedure

Whenever the Company forecasts a supply deficiency requiring curtailments below the allowable base consumption, it will first curtail to whatever level necessary in accordance with Rule 26.B. Priority of Service.

E. Emergency Curtailment

The foregoing provisions shall apply to foreseen supply deficiencies which are forecasted as stated in Rule 26.B. Priority of Service. In the event of a sudden and unforeseen supply deficiency, the foregoing provisions shall not apply, and the Company will curtail service as the particular circumstances may require including termination of service.

F. Forfeitures Charge

The Gross Receipts Tax and State Tax Surcharge shall apply to the Forfeiture Charge.

Seasonal - if at the end of the five-month period ending with the March billing period or at the end of the seven-month billing period ending with October, or such other periods as may be designated by the Company, a customer has exceeded its total allocation for the respective period, that customer shall pay a forfeiture penalty according to the following schedule:

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

26. GAS SHORTAGE CURTAILMENT (Cont'd)

<u>Actual Usage as a Percentage of Total Allocation</u>	<u>Forfeiture Charge</u>
Greater than 103% but not in excess of 110%	\$10/MCF
Greater than 110% but not in excess of 125%	\$20/MCF
Greater than 125%	\$50/MCF

There shall be excluded from the volumes subject to penalty under this provision, volumes which the customer has previously been penalized under this rule. (C)

Monthly or daily - if a customer exceeds its authorized consumption during a period of curtailment as a result of a foreseen supply deficiency, then the customer shall pay a penalty according to the following schedule: (C)

<u>Actual Usage as a Percentage of Authorized Daily or Monthly Consumption</u>	<u>Forfeiture Charge</u>
Greater than 103% but not in excess of 110%	\$10/MCF
Greater than 110%	\$25/MCF

Emergency - 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: (C)

<u>Actual Usage as a Percentage of Emergency Authorized Consumption</u>	<u>Forfeiture Charge</u>
Greater than 103% but not in excess of 110%	\$10/MCF
Greater than 110%	\$25/MCF

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. (C)

G. Disposition of Forfeiture Charge

The forfeiture charges shall be held by the Company until the month after the beginning of the Allocation Period for the winter months. At this time, the Company will commence to refund the total amount collected, less any penalty charges incurred by the Company from its suppliers due to customers exceeding their total allocated volumes, to curtailed customers who did not incur overruns.

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

If the unit of refund is not equal to at least one-hundredth cent per 1,000 cubic feet, the total amount of forfeiture charges shall be retained and combined with forfeiture charges through the allocation period ending prior to the beginning of the next ensuing period described above.

In determining the unit refund per 1,000 cubic feet, the Company shall use as the denominator the projected allocated volumes for twelve months. The refund shall be made on the basis of the customer's projected allocated volumes during the twelve months of the refund period.

In the event there is no curtailment projected for the succeeding twelve months at the time of determining the refund, the Company has the option of allocating the refund to each curtailed customer on the basis of the curtailed customer's total usage during the previous twelve months. The forfeiture charges in this section are in addition to all charges under the rate which the customer receives service.

27. Financial Fitness Requirements for PTA and SATS Suppliers

Dun & Bradstreet reports will be utilized as the primary source of credit information to determine the creditworthiness of Supplier applicants for service under Rate Schedules PTA and SATS. The following Dun & Bradstreet standards will be used: a credit risk rating of A, B, C and unrated or "blank", noted on the report (the continuum range is A to unrated). The values for these rating are:

"A" assets, liabilities and payment history indicate little or no risk to creditors.

"B" assets, liabilities and payment history indicate a moderate risk to creditors.

"C" assets, liabilities and payment history indicate a risk to creditors.

"Unrated" indicates that there is insufficient historical credit data available to make a reliable credit assessment of the applicant (such as the applicant being in business less than 14 months, change of ownership, etc.).

Upon receipt of the properly completed Credit Application, the Company will obtain various Dun & Bradstreet reports for initial review and assessment. The reports will include, but not be limited to: Payment Analysis Report, Business Information Report, Credit Analysis Report and Risk Analysis

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

(C)

Report; financial ratings will also be included in the analysis. In addition, other criteria will be taken into consideration in assessing the Company's potential risk exposure, such as: (1) established payment history of the applicant with the Company and (2) the ratio of anticipated projected enduser volumes to the Supplier's unencumbered assets available for payment.

"A" Rating:

In general, if the reports indicate an overall rating of "A" no security deposit will be required at the time of application, subject to changes listed below. However, if anticipated projected enduser volumes indicate a substantial risk exposure over and above indicated current assets available for payment, a security deposit may be required.

"B" Rating:

If the reports indicate an overall rating of "B" additional background investigations will be completed. These investigations will include but not be limited to: (1) an assessment of the applicant's payment history with the Company, (2) compilation of other creditors and trade creditor's reports, (3) request for financial statements, if necessary. Upon completion of a review of the additional information a determination will be made regarding the Company's risk exposure and a recommendation made to waive or request a security deposit.

"C" Rating:

If the reports indicate an overall rating of "C" a security deposit will be required. No further investigations will be made unless extenuating circumstances exist and the applicant brings those situations to the attention of the reviewer.

"Unrated" or "Blank":

Any applicant with a rating of "uncoded" will automatically be designated as having a rating of "C".

Changes affecting credit risk ratings:

All approved Suppliers will be periodically reviewed to determine if: (1) there is a change in their credit risk rating; (2) security needs to be required on a previously unsecured account; (3) the amount of security being held should be increased or decreased to meet projected future usage,

(C) Indicates Change

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

based upon historical usage data. Changes indicating that a credit review may be necessary include, but are not limited to: (1) significant changes in Dun & Bradstreet credit reports; (2) credit related information obtained from reliable sources; (3) a change in the number of end-users; (4) a change from the established payment history; as well as any other information received regarding the financial standing of the Supplier. Security deposits will be refunded to the Supplier when it is determined that the Supplier meets the level of creditworthiness criteria that no longer requires a security deposit.

Determination of Security Deposits:

The amount of a security deposit will be determined under the following formula:

a. Using historical data, three months maximum consumption for each customer anticipated to be served by the applicant PTA or SATS Supplier will be identified and multiplied by (1) the applicable transportation rate; and (2) the corresponding cost of gas. (C)

b. The "corresponding cost of gas" shall be the higher of \$10.00 per Dth or 110% of the average of the highest market price of gas for each month during the last Winter Period (November through March) as determined by references in The Gas Daily Index, "Daily Price Survey" for "Appalachia," "CNG North Point."

c. The product of the calculation at a. above shall be multiplied by .10 (10%).

Monthly reviews will be provided, based upon any changes which may affect the Company's risk exposure.

Payment of Security:

Payment of security deposits can be made by cash or acceptable form of security such as Letter of Credit or Surety Bond. Interest will be paid on cash security deposits at the same rate paid on deposits for service to non-residential customers. Responsibility for and expenses incurred in the procurement of a Letter of Credit are subject to requirements and/or negotiations with the Applicant's individual bank. Expenses associated with the procurement of a Surety Bond are subject to the requirements of the

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont')

(C)

individual insurance company. In addition, the Company may in its sole discretion accept an agreement setting special operating standards ("Operational Default Agreement") and/or an Escrow Account Agreement in exchange for reducing the level of security otherwise required.

28. CHANGES OF RULES AND REGULATIONS

The Company reserves the right to modify, alter or amend the foregoing Rules and Regulations and to make such further and other rules and regulations as experience may suggest or the Company may deem necessary or convenient in the conduct of its business provided, however, that such modifications, alterations, or amendments shall not become effective unless and until included in this tariff.

(C) Indicates Change

RESIDENTIAL SERVICE RATE SCHEDULE

RESIDENTIAL CLASSIFICATION

This classification shall include gas supplied for residential purposes such as a private dwelling, apartment house with a single meter supplying four or less dwelling units, separately metered apartments of a multiple dwelling, accessory buildings to dwellings or apartment houses such as garages, except at residences receiving service under Rate Schedule LIRAS for Low Income Residential Assistance Service and other places of residence where gas is used for residential purposes.

Churches and missions (places of worship) shall be entitled to Service under the Residential service rate schedule.

AVAILABILITY OF SERVICE

Gas service shall be available at one location, except as otherwise provided, for residential customers.

APPLICABILITY

Applicable in all areas served under this tariff.

MONTHLY RATE

\$ 11.68	Basic Service Charge			(D)
66.839¢	per 100 cubic feet for the first	5,000 cubic feet		(D)
61.815¢	per 100 cubic feet for all over	5,000 cubic feet		

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge and Rider I - Case R-942991 Inflation Adjustment Surcharge, as set forth in this tariff.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

RATE SCHEDULE LIRAS
FOR LOW INCOME RESIDENTIAL ASSISTANCE SERVICE

AVAILABILITY OF SERVICE

Service under this rate schedule shall be available to a maximum of five thousand residential customers. The five thousand residential customers shall be the residential heating customers who have a gross household income less than or equal to 150% of the Federal Poverty level and execute a LIRA Service Agreement with the Company. Within this group, the selection will be based upon the customer's previous gas usage and the amount of the customer's billing arrearage. Customers under the Company's CARES program that meet the income qualifications shall be eligible for this rate. The customer must apply for LIHEAP and designate the Company as the recipient. In its selection, the Company will attempt to achieve a geographic and demographic diversity.

The customer must provide satisfactory verification to prove income eligibility with the initial application. In addition, the customer must provide an estimation of his or her essential expenses. Adult residents in the household, excluding children of the ratepayers who are dependents and dependents over 65 under federal tax rules, will be required to become ratepayers as a condition of participation in LIRA. The customer must also agree to have his or her income verified every twelve months and advise the Company if his or her income changes.

MONTHLY RATE

After completion of selection of the customers to receive service under this rate schedule, the following rates shall be applied:

Tier (1)

For qualifying customers with a gross household income between 0% and 50% of the Federal Poverty level:

\$5.06	Basic Service Charge	(D)
\$0.38395	per 100 cubic feet	

Tier (2)

For qualifying customers with a gross household income greater than 50% and less than or equal to 110% of the Federal Poverty level:

\$5.06	Basic Service Charge	(D)
\$0.45395	per 100 cubic feet	

Tier (3)

For qualifying customers with a gross household income greater than 110% and less than or equal to 150% of the Federal Poverty level:

\$5.06	Basic Service Charge	(D)
\$0.61815	per 100 cubic feet	

(D) Indicates Decrease

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff but shall not be subject to Rider G - Transition Costs. The above rates shall be changed to reflect changes to purchased gas cost rates. If the customer meets the conditions set forth below, the above rates shall be subject to a conservation credit. The amount of the conservation credit each such billing month shall be the product of multiplying the difference between the weather-normalized volume of gas used by the customer in the billing month and weather-normalized volume of gas used by the customer during a billing month one year earlier times \$.0991 per 100 cubic feet.

The conservation credit shall be subject to the following conditions:

- (1) The customer shall not have changed residences during the period of time between the end of the billing cycle for which the credit is being computed and the beginning of the billing cycle one year earlier;
- (2) The customer shall designate the Company to be the recipient of assistance, if any, under the LIHEAP;
- (3) The customer shall have paid all prior bills of the Company under this rate schedule (although the Company at its discretion, may waive this condition if non-payment resulted from unusual circumstances); and
- (4) The credit for any billing month shall not exceed the amount of the bill for service under this rate schedule exclusive of the conservation credit.

(C)

ARREARAGE FORGIVENESS

When the customer enters the program and is placed on this rate, any arrearage of that customer is suspended and placed in a hold account. These arrearages will be forgiven at a rate of 1/12 per month for each month the bill is paid in full and on time, during the first year on this rate.

TERMINATION FOR NONPAYMENT

If a LIRA customer is sufficiently delinquent, to avoid termination of service the LIRA customer must pay the notice amount prior to any scheduled termination date.

Once a LIRA customer is terminated for non-payment, the LIRA participant may obtain reinstatement to LIRA if the applicant meets the following requirements:

- (1) Pay the entire arrearage which occurred while a LIRA program participant;

(C) Indicates Change

- (2) Pay a reconnection charge; and
- (3) If the applicant had a pre-program arrearage in his or her name, or resides with another adult who has such an arrearage and was previously a LIRA participant, the applicant must agree to:
 - (a) pay a down payment towards arrearages equal to one month's budget amount plus the monthly arrangement amount;
 - (b) negotiate a payment arrangement including the budget amount plus a monthly amount sufficient to amortize any remaining unforgiven pre-LIRA arrearage;
 - (c) The duration of the arrangement will consider the size of the unpaid LIRA balance, the ability of the ratepayer to pay, the payment history of the ratepayer, and the length of time over which the balance accumulated. Absent extraordinary circumstances, arrangement duration will not exceed the following guidelines:

Income Level	Maximum Time Period
Tier #1 (0-50% of poverty)	48 Months
Tier #2 (51-110% of poverty)	36 Months
Tier #3 (111-150% of poverty)	24 Months

(C)

The resulting total monthly bill to the LIRA customer, which will comprise the reduced LIRA current bill and amortization of the unforgiven portion of the pre-program arrearage, will still be less than or equal to the Bureau of Consumer Services guidelines for informal complaints. Failure to make monthly arrangement payments after service is restored will result in termination proceedings as authorized under Chapter 56. All arrangement amounts past due under the LIRA program must be paid to avoid termination. There will be no limit on the number of times a customer can reapply for LIRA following termination unless the program is filled.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, gas service under this rate schedule.

(C) Indicates Change

COMMERCIAL AND PUBLIC AUTHORITY
SERVICE RATE SCHEDULE

COMMERCIAL CLASSIFICATION

A Commercial customer shall be defined as a customer using gas in wholesale or retail trade, agriculture, forestry, fisheries, transportation, communications, sanitary services, finance, insurance, real estate and services such as clubs, hotels, auto repair, etc.

A religious or nonprofit organization, except for churches and missions, whose support is primarily from private funds.

The nature of the customer's primary business or economic activity at the location of service determines the customer classification.

PUBLIC AUTHORITY CLASSIFICATION

This classification shall include gas supplied to buildings, offices and institutions occupied or operated by governmental agencies whose financial support is entirely or primarily obtained from public funds.

AVAILABILITY OF SERVICE

Gas service shall be available at one location, except as otherwise provided, for any Commercial or Public Authority customers. Customers served under this rate schedule will be billed according to their annual consumption level as follows. Those customers with actual deliveries of 1,000,000 cubic feet (1,000 Mcf) or less during the twelve billing months of the calendar year preceding the next-succeeding Application Period, as defined in this rate schedule, shall be considered to be a "Small" Commercial or Public Authority customer. In addition, the Small Customer category shall be further subdivided by customers who use not more than 250,000 cubic feet per year and those whose usage is more than 250,000 cubic feet but not more than 1,000,000 cubic feet per year. Those customer with actual deliveries in excess of 1,000 Mcf during the twelve billing months of the calendar year preceding the next-succeeding Application Period, as defined in this rate schedule, shall be considered to be a "Large" Commercial or Public Authority customer. The actual deliveries of gas to the Customer shall include not only volumes of gas purchased from the Company by such Customer but also volumes of Customer-owned gas transported by the Company to such Customer.

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A proposed new Commercial or Public Authority Customer, not previously receiving any service from the Company, shall be considered a "Small" Commercial/Public Authority Customer unless both the Company and the Customer agree that the projected total volume of gas, including not only volumes of gas to be purchased from the Company by such Customer but also volumes of Customer-owned gas projected to be transported by the Company to such Customer, measured in thousand cubic feet (Mcf), will be not less than 1,000 Mcf during the succeeding twelve months.

(C) Indicates Change

APPLICABILITY

Applicable in all areas served under this tariff.

MONTHLY RATE

For "Small" Commercial/Public Authority Customers using not more than 250,000 cubic feet per year:

\$16.25	Basic Service Charge	(D)
70.093¢	per 100 cubic feet for the first 5,000 cubic feet	(D)
68.373¢	per 100 cubic feet for all over 5,000 cubic feet	

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge and Rider I - Case R-942991 Inflation Adjustment Surcharge, as set forth in this tariff.

For "Small" Commercial/Public Authority Customers using greater than 250,000 cubic feet but not more than 1,000,000 cubic feet per year:

\$27.50	Basic Service Charge	(D)
65.663¢	per 100 cubic feet for the first 20,000 cubic feet	(D)
64.303¢	per 100 cubic feet for all over 20,000 cubic feet	

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge and Rider I - Case R-942991 Inflation Adjustment Surcharge, as set forth in this tariff.

For "Large" Commercial/Public Authority Customers:

\$127.50	Basic Service Charge	(D)
57.036¢	per 100 cubic feet for the first 300,000 cubic feet	(D)
55.662¢	per 100 cubic feet for the next 1,700,000 cubic feet	(D)
53.931¢	per 100 cubic feet for all over 2,000,000 cubic feet	

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge and Rider I - Case R-942991 Inflation Adjustment Surcharge, as set forth in this tariff.

APPLICATION PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

COMMERCIAL RIDER BDS
BUSINESS DEVELOPMENT SERVICE RIDER

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY OF SERVICE

This Rider is available to Commercial customers with regard to sales service under the Commercial and Public Authority Rate Schedule. This rider is not available with regard to service under Rate Schedule CPA-LBS.

(C)

TERM

To become effective on the first day of the next billing cycle following qualification and acceptance by the Company and to continue during the qualification period for five (5) years.

QUALIFICATIONS

1. Facility

The following shall be considered a "qualifying facility":

A. For new customers:

- (1) a newly-constructed facility; or
- (2) an existing facility that has been purchased, or leased, and has been vacant for at least six (6) months.

B. For existing customers:

- (1.) any combination of new employment or investment which is equal to at least 10 percent (10%) of the existing customer's historical level of employment at the time of application. For purposes of this subsection, an investment in plant facilities of \$15,000 shall be considered equivalent to one new employee.

(C) Indicates Change

2. Gas Usage

A. New Customers

The gas consumed by an applicant, at a qualifying facility, shall be eligible for this rate, if it is demonstrated that the facility will have gas consumption in excess of 2,400 Mcf per year.

B. Existing Customers

Incremental gas consumed by an applicant, at a qualifying facility, shall be eligible for this rate provided that the incremental load is 20% of the applicant's prior year's normalized load or 2,400 Mcf per year, whichever is less. However, such incremental usage will not qualify unless the incremental load will be 1,200 Mcf per year. To determine qualifying gas usage, the incremental load will be measured against the gas consumed by the applicant, normalized over the most recent twelve-month period preceding the date of application for which data are available.

3. Classification

Applicants who qualify for one of the following classifications, pursuant to the Standard Industrial Classification Manual (1972 edition, as amended) will be eligible for this rider:

Wholesale Trade Division -
major groups 50 and 51

Finance, Insurance and Real Estate Division -
major groups 60, 61, 62, 63 and 67

4. Application

Applications for the rate must be received by the Company at least ninety (90) days, but not more than eighteen (18) months, prior to start-up of the qualifying facility.

RATES

New Commercial customers who qualify for service under this Rider will receive a reduction to the otherwise applicable commodity rate, as stated below, for all gas usage. Existing Commercial customers who qualify for service under this Rider will receive a reduction to the otherwise applicable commodity rate, as stated below for the qualifying portion of gas usage as determined in Qualifications Section 2.B, above. Customer charges and penalties, if any, under the Commercial and Public Authority Rate Schedule, are not subject to reduction.

A. Amount of the Reduction

For years one, two and three of the qualification period, there shall be a reduction of \$0.02 per 100 cubic feet of qualifying consumption under the Commercial and Public Authority Rate Schedule.

For years four and five of the qualification period, there shall be a reduction of \$0.01 per 100 cubic feet of qualifying consumption under the Commercial and Public Authority Rate Schedule.

OTHER PROVISIONS

Except as modified by the terms of this Rider, all provisions of the Commercial and Public Authority Rate Schedule apply to service to the customer.

Rate Schedule CPA-LBS
LOAD BALANCING SERVICE
FOR COMMERCIAL AND PUBLIC AUTHORITY CUSTOMERS

I. APPLICABILITY

Throughout the territory served under this tariff.

II. AVAILABILITY

Sales Service and Transportation Service under this rate schedule are available to Commercial and Public Authority customers that execute an agreement for one or more twelve month periods of service under this rate schedule for incremental load used in load balancing facilities. For the purposes of this rate schedule, "incremental load" shall consist of the following:

- (1) Any volume of gas used at gas-consuming facilities constructed or installed after May 20, 1989, that will result in additional or expanded use of gas received from the Company; or
- (2) Any volume of gas used at existing gas-consuming facilities of Customer at which the Customer has not used gas taken from the Company for at least twelve (12) consecutive months.

For the purposes of this rate schedule, "load balancing facilities" shall consist of any facilities of a Customer which use incremental load.

The Customer, in its sole discretion, must determine whether it will be more advantageous for the Customer to receive service for incremental load under this rate schedule or under the Commercial and Public Authority Service rate schedule.

The Customer's load balancing facilities shall be constructed in a manner satisfactory to the Company so that the Company will be able to meter the volume of gas used by the Customer in the load balancing facilities separately from gas used by the Customer in other facilities.

The Customer's load balancing facilities must be served by a discrete gas service supply system beyond the Company's meter. During business hours, the Company shall have the right to inspect Customer's facilities to determine whether Customer's facilities, including Customer's gas service supply system and load balancing facilities, meet the requirements of this rate schedule.

In order to qualify for Service under this rate schedule, Customers must execute an agreement for service under this rate schedule within one (1) year after either: (1) the date of the completion of the installation of new gas-consuming facilities; or (2) the date that the Customer begins taking gas from the Company at existing facilities of the Customer which have not used gas taken from the Company for at least twelve (12) consecutive months.

III. NATURE OF SERVICE

Sales Service provided under this rate schedule shall be firm service up to the level of the Customer's Gas BDU level established below, subject to the curtailment priorities of Rule 26. Sales Service in excess of the Customer's Gas BDU level will be provided only to the extent that the Company determines, from time to time, that available gas supply and available system capacity are sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

Transportation Service provided under this rate schedule shall be firm Service up to the level of the Customer's Margin BDU level established below, subject to the curtailment priorities of Rule 26. Transportation Service in excess of the Customer's Margin BDU level will be provided only to the extent that the Company determines, from time to time, that available system capacity is sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

IV. MONTHLY BILL

The monthly bill, for sales service under this rate schedule, shall be the sum of the Demand Charges, as computed in Section A hereinafter, and the Commodity Charges for sales and for transportation service, as computed in Section B hereinafter.

A. DEMAND CHARGES

The monthly Demand Charges shall be the sum of (1) the product of multiplying the rate per Gas Billing Demand Unit (Gas BDU), determined as provided below, by the number of the Customer's Gas BDUs, determined as provided below, and (2) the product of multiplying the rate per Margin Billing Demand Unit (Margin BDU), determined as provided below, by the number of Margin BDUs, determined as provided below.

1. Gas Demand Charge

a. Determination of Rate Per Gas BDU

The rate per Gas BDU shall be determined as follows:

(C)

(C) Indicates Change

1. The purchased gas demand costs applicable to the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial classes, the "DC", shall be obtained from Rider "A" - Section 1307(f) Purchased Gas Costs.

2. The number 12 shall be multiplied by the sum of (a) the volume of gas (expressed in Mcf) purchased from the Company by all Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial customers, during the Company Peak Sales Month and (b) the volume of service (expressed in Mcf) to all customers under the "Monthly Volume" provisions of Rate Schedule SB, during the Company Peak Sales Month.
 - (a) "Company Peak Sales Month" is defined as the calendar month within which the Company experienced the System-Wide Peak Sales Day, such month being December, January or February preceding the Section 1307(f) Application Period for which the determination of the rate per Gas BDU is being made.
 - (b) "System-Wide Peak Sales Day" is defined as the day of maximum gas purchased by the Company, including all volumes of gas purchased from the Company throughout its entire system in the states of Pennsylvania and New York.

3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs exclusive of Gross Receipts Tax.

4. The amount determined in Item 3, above, shall be divided by 0.950 to provide for recovery of the base-rate portion of Gross Receipts Tax related to the purchased gas demand cost component of the rate.

5. The rate per Gas BDU shall be the amount for purchased gas demand costs and related Gross Receipts Tax (Item 4).

The current rate per Gas BDU is as follows:

(I)

Purchased Gas Demand Cost	\$.9019/BDU
Including Gross Receipts Tax	

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2, 3 and 4, above, of the component to be included in the rate for purchased gas demand costs and related Gross Receipts Tax, and the rate per Gas BDU shall be changed accordingly.

(I) Indicates Increase

b. Determination of Customer's Gas BDUs

The Customer's Gas BDUs shall be determined as follows: The actual volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Gas BDUs applicable to Customer shall be zero (0).

2. Margin Demand Charge

a. The rate per Margin BDU shall be \$.4219 per Margin BDU. (I)

b. Determination of Customer's Margin BDUs

The Customer's Margin BDU shall be determined as follows: The actual deliveries of gas to the Customer by Company, including not only volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities but also volumes of Customer-owned gas transported to the Customer's load balancing facilities through the Company's facilities, during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the Customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Margin BDUs applicable to Customer shall be zero (0).

(I) Indicates Increase

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

The monthly Commodity Charge for Sales Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas sold to the Customer by the Company during the applicable billing cycle.

(D)

The rate per Mcf shall be determined as follows and shall be \$3.0959 per Mcf, subject to revision as provided below:

The current components of the rate are as follows:

Purchased Gas Commodity Costs, set forth in Rider "A"	\$2.6788/Mcf
Non-Gas Costs	\$.4171/Mcf

(D)

a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

1. The net amount per Mcf for recovery of the commodity component of purchased gas costs and for recovery or refund of "E" Factor amounts, the "PGCC", as determined in Rider "A" - Section 1307(f) Purchased Gas Costs of this tariff, including related Gross Receipts Tax; plus
2. The amount of \$.4171 per Mcf for recovery of non-gas costs.

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made of the commodity component of purchased gas costs and related Gross Receipts Tax (Item 1, above), and the rate per Mcf shall be changed accordingly. The component included in the rate for recovery of non-gas costs shall remain constant until changed in accordance with a procedure, other than a proceeding pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. Section 1307(f).

2. Commodity Charge for Transportation Service

The monthly commodity charge for Transportation Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas transported by the Company to the Customer's load balancing facilities.

(I)

The rate per Mcf for transportation of gas under this rate schedule shall be \$.6309 per Mcf, which includes \$.4179 for recovery of non-gas costs and \$.2130 for recovery of purchased gas.

(D) Indicates Decrease
(I) Indicates Increase

V. SURCHARGE

The Demand Charges and the Commodity Charge for Sales Service shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge. In addition, the Commodity charges for Sales and Transportation Service shall be subject to the provisions of Rider I - Case R-942991 Inflation Adjustment Surcharge, as set forth in this tariff.

(C)
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(C)

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues (exclusive of the provision for recovery of Gross Receipts Tax) billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs.

VII. SPECIAL PROVISIONS

Monthly metered Special Provisions A through J contained in the Company's Rate Schedule for Transportation Service shall apply to transportation service under this rate schedule.

VIII. RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(C) Indicates Change

SVIS

SMALL VOLUME INDUSTRIAL SERVICE RATE SCHEDULE

INDUSTRIAL CLASSIFICATION

An Industrial customer shall be defined as a customer using gas primarily in a process which grades or changes raw material or unfinished material into another form or product including establishments in mining and manufacturing. The nature of the customer's primary business or economic activity at the location served determines the classification.

If a particular load to a manufacturing or processing plant represents gas used for plant cafeteria or a heating load, with or without processing load, whether or not separately metered, the account shall be classified as Industrial.

AVAILABILITY OF SERVICE

Gas service shall be available at one location, except as otherwise provided, for Industrial customers. All industrial customers shall receive service under this rate schedule except industrial customers eligible for service under Rate Schedule IVIS for Intermediate Volume Industrial Service, Rate Schedule LVIS for Large Volume Industrial Service or under Rate Schedule LIS for Large Industrial Service. Customers served under this rate schedule will be billed according to their annual consumption level as follows. Those customers with actual deliveries of 1,000,000 cubic feet (1,000 Mcf) or less during the twelve billing months of the calendar year preceding the next-succeeding Application Period, as defined in this rate schedule, shall be considered to be a SVIS customer. The actual deliveries of gas to the Customer shall include not only volumes of gas purchased from the Company by such Customer but also volumes of Customer-owned gas transported by the Company to such Customer.

A proposed new Industrial Customer who does not qualify for the IVIS, LVIS or LIS Rate Schedules, not previously receiving any service from the Company, shall be considered a SVIS Customer unless both the Company and the Customer agree that the projected total volume of gas, including not only volumes of gas to be purchased from the Company by such Industrial Customer but also volumes of Customer-owned gas projected to be transported by the Company to such Customer, measured in thousand cubic feet (Mcf), will be not less than 1,000 Mcf during the succeeding twelve months.

APPLICABILITY

Applicable in all areas served under this tariff.

(C)

(C) Indicates Change

MONTHLY RATE

For SVIS Customers:

\$68.50	Basic Service Charge	(D)
65.739¢	per 100 cubic feet	

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge.

APPLICATION PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

IVIS

INTERMEDIATE VOLUME INDUSTRIAL SERVICE RATE SCHEDULE

INDUSTRIAL CLASSIFICATION

An Industrial customer shall be defined as a customer using gas primarily in a process which grades or changes raw material or unfinished material into another form or product including establishments in mining and manufacturing. The nature of the customer's primary business or economic activity at the location served determines the classification.

If a particular load to a manufacturing or processing plant represents gas used for plant cafeteria or a heating load, with or without processing load, whether or not separately metered, the account shall be classified as Industrial.

AVAILABILITY OF SERVICE

Gas service shall be available at one location, except as otherwise provided, for Industrial customers. All industrial customers shall receive service under this rate schedule except industrial customers eligible for service under Rate Schedule SVIS for Small Volume Industrial Service, Rate Schedule LVIS for Large Volume Industrial Service or under Rate Schedule LIS for Large Industrial Service. Customers served under this rate schedule will be billed according to their annual consumption level as follows. Those customers with actual deliveries in excess of 1,000 Mcf but less than 50,000 Mcf during the twelve billing months of the calendar year preceding the next-succeeding Application Period, as defined in this rate schedule, shall be considered to be an IVIS customer. The actual deliveries of gas to the Customer shall include not only volumes of gas purchased from the Company by such Customer but also volumes of Customer-owned gas transported by the Company to such Customer.

A proposed new Industrial Customer who does not qualify for the IVIS, LVIS or LIS Rate Schedules, not previously receiving any service from the Company, shall be considered a SVIS Customer unless both the Company and the Customer agree that the projected total volume of gas, including not only volumes of gas to be purchased from the Company by such Industrial Customer but also volumes of Customer-owned gas projected to be transported by the Company to such Customer, measured in thousand cubic feet (Mcf), will be not less than 1,000 Mcf during the succeeding twelve months.

APPLICABILITY

Applicable in all areas served under this tariff.

(C)

(C) Indicates Change

MONTHLY RATE

For IVIS Customers:

\$150.00	Basic Service Charge	(D)
60.183¢	per 100 cubic feet for the first 100,000 cubic feet	(D)
56.338¢	per 100 cubic feet for the next 1,900,000 cubic feet	(D)
53.327¢	per 100 cubic feet for all over 2,000,000 cubic feet	(D)

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge and Rider I - Case R-942991 Inflation Adjustment Surcharge, as set forth in this tariff.

APPLICATION PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

INTERMEDIATE VOLUME INDUSTRIAL SERVICE RIDER BDS
BUSINESS DEVELOPMENT SERVICE RIDER

(C)

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY OF SERVICE

This Rider is available to Industrial customers with regard to sales service under the Intermediate Volume Industrial Service Rate Schedule. This rider is not available with regard to service under Rate Schedule IVI-LBS.

TERM

(C)

To become effective on the first day of the next billing cycle following qualification and acceptance by the Company and to continue during the qualification period for five (5) years.

QUALIFICATIONS

1. Facility

The following shall be considered a "qualifying facility":

A. For new customers:

- 1) a newly-constructed facility; or
- 2) an existing facility that has been purchased, or leased, and has been vacant for at least six (6) months.

B. For existing customers:

- 1) any combination of new employment or investment which is equal to at least ten percent (10%) of the existing customer's historical level of employment at the time of application. For purposes of this subsection, an investment in plant facilities of \$15,000 shall be considered equivalent to one new employee.

(C) Indicates Change

2. Gas Usage

A. New Customers

The gas consumed by an applicant, at a qualifying facility, shall be eligible for this rate, if it is demonstrated that the facility will have gas consumption in excess of 2,400 Mcf per year.

B. Existing Customers

Incremental gas consumed by an applicant, at a qualifying facility, shall be eligible for this rate provided that the incremental load is 20% of the applicant's prior year's normalized load or 2,400 Mcf per year, whichever is less. However, such incremental gas usage will not qualify unless the incremental load totals at least 1,200 Mcf per year. To determine qualifying gas usage, the incremental load will be measured against the gas consumed by the applicant, normalized over the most recent twelve-month period preceding the date of application for which data are available.

3. Classification

Applicants who qualify for one of the following classifications, pursuant to the Standard Industrial Classification Manual (1972 edition, as amended) will be eligible for this rider:

Manufacturing Division - major groups 20 - 39

4. Application

Applications for the rate must be received by the Company at least ninety (90) days, but not more than eighteen (18) months, prior to start-up of the qualifying facility.

RATES

New Intermediate Volume Industrial Service customers who qualify for service under this Rider will receive a reduction to the otherwise applicable commodity rate, as stated below, for all gas usage. Existing Intermediate Volume Industrial Service customers who qualify for service under this Rider will receive a reduction to the otherwise applicable commodity rate, as stated below for the qualifying portion of gas usage as determined in Qualifications Section 2.B, above. Customer charges and penalties, if any, under the Intermediate Volume Industrial Service Rate Schedule, are not subject to reduction. (C)

A. Amount of the Reduction

For years one, two and three of the qualification period, there shall be a reduction of \$0.02 per 100 cubic feet of qualifying consumption under the Intermediate Volume Industrial Service Rate Schedule. (C)

For years four and five of the qualification period, there shall be a reduction of \$0.01 per 100 cubic feet of qualifying consumption under the Intermediate Volume Industrial Service Rate Schedule. (C)

(C) Indicates Change

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. 53 to
Gas - Pa. P.U.C. No. 8
First Revised Page No. 44
Cancelling Original Page No. 44

OTHER PROVISIONS

Except as modified by the terms of this Rider, all provisions of the Intermediate Volume Industrial Service Rate Schedule apply to service to the customer. (C)

(C) Indicated Change

Issued: March 15, 1995

Effective: May 14, 1995

Rate Schedule IVI-LBS

(C)

LOAD BALANCING SERVICE
FOR INTERMEDIATE VOLUME INDUSTRIAL CUSTOMERS

I. APPLICABILITY

Throughout the territory served under this tariff.

II. AVAILABILITY

Sales Service and Transportation Service under this rate schedule are available to Intermediate Volume Industrial customers that execute an agreement for one or more twelve-month periods of service under this rate schedule for incremental load used in load balancing facilities. For purposes of the rate schedule, "incremental load" shall consist of the following: (C)

- (1) Any volume of gas used at gas-consuming facilities constructed or installed after May 20, 1989 that will result in additional or expanded use of gas received from the Company; or
- (2) Any volume of gas used at existing gas-consuming facilities of Customer at which the Customer has not used gas taken from the Company for at least twelve (12) consecutive months.

For purposes of this rate schedule, "load balancing facilities" shall consist of any facilities of a Customer which use incremental load.

The Customer, in its sole discretion, must determine whether it will be more advantageous of the Customer to receive service for incremental load under this rate schedule or under the Intermediate Volume Industrial Service rate schedule. (C)

The customer's load balancing facilities shall be constructed in a manner satisfactory to the Company so that the Company will be able to meter the volume of gas used by the Customer in the load balancing facilities separately from gas used by the Customer in other facilities.

The Customer's load balancing facilities must be served by a discrete gas service supply system beyond the Company's meter. During business hours, the Company shall have the right to inspect Customer's facilities to determine whether customer's facilities, including Customer's gas service supply system and load balancing facilities, meet the requirements of this rate schedule.

In order to qualify for Service under this rate schedule, Customers must execute an agreement for service under this rate schedule within one (1) year after either: (1) the date of the completion of the installation of new gas consuming facilities; or (2) the date that the Customer begins taking gas from the Company at existing facilities of the customer which have not used gas taken from the Company for at least twelve (12) consecutive months.

(C) Indicates Change

III. NATURE OF SERVICE

Sales Service provided under this rate schedule shall be firm service up to the level of the Customer's Gas BDU level established below, subject to the curtailment priorities of Rule 26. Sales Service in excess of the Customer's Gas BDU level will be provided only to the extent that the Company determines, from time to time, that available gas supplies are sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

Transportation Service provided under this rate schedule shall be firm Service up to the level of the Customer's Margin BDU level established below, subject to the curtailment priorities of Rule 26. Transportation Service in excess of the Customer's Margin BDU level will be provided only to the extent that the Company determines, from time to time, that available gas supplies are sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

IV. MONTHLY BILL

The monthly bill, for sales service under this rate schedule, shall be the sum of the Demand Charges, as computed in Section A hereinafter, and the Commodity Charges for sales and for transportation service, as computed in Section B hereinafter.

A. DEMAND CHARGES

The monthly Demand Charges shall be the sum of (1) the product of multiplying the rate per Gas Billing Demand Unit (Gas BDU), determined as provided below, by the number of the Customer's Gas BDUs, determined as provided below, and (2) the product of multiplying the rate per Margin Billing Demand Unit (Margin BDU) determined as provided below, by the number of Margin BDUs, determined as provided below.

1. Gas Demand Charge

a. Determination of Rate Per Gas BDU

The rate per Gas BDU shall be determined as follows:

1. The purchased gas demand costs applicable to the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial classes, the "DC", shall be obtained from Rider "A" - Section 1307(f) Purchased Gas Costs. (C)
2. The number 12 shall be multiplied by the sum of (a) the volume of gas (expressed in Mcf) purchased from the Company by all Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume (C)

(C) Indicates Change

Industrial and Large Industrial customers, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS and (b) the volumes of service (expressed in Mcf) to all customers under the "Monthly Volume" provisions of Rate Schedule SB, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS.

3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs exclusive of Gross Receipts Tax.
4. The amount determined in Item 3, above, shall be divided by 0.950 to provide for recovery of the base-rate portion of Gross Receipts Tax related to the purchased gas demand cost component of the rate.
5. The rate per Gas BDU shall be the amount for purchased gas demand costs and related Gross Receipts Tax (Item 4).

(I)

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$.9019/BDU
Including Gross Receipts Tax	

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2, 3 and 4, above, of the component to be included in the rate for purchased gas demand costs and related Gross Receipts Tax, and the rate per Gas BDU shall be changed accordingly.

b. Determination of Customer's Gas BDUs

The Customer's Gas BDUs shall be determined as follows: The actual volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluding billing cycles ended in December, January, February or March, then the level of Gas BDUs applicable to Customer shall be zero (0).

(I) Indicates Increase

2. Margin Demand Charge

- a. The rate per Margin BDU shall be \$.4827 per Margin BDU.
- b. Determination of Customer's Margin BDUs

The Customer's Margin BDU shall be determined as follows: The actual deliveries of gas to the Customer by Company, including not only volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities but also volumes of Customer-owned gas transported to the Customer's load balancing facilities through the Company's facilities, during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the Customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Margin BDUs applicable to Customer shall be zero (0).

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

The monthly Commodity Charge for Sales Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas sold to the Customer by the Company during the applicable billing cycle. (D)

The rate per Mcf shall be determined as follows and shall be \$3.0377 per Mcf, subject to revision as provided below:

The current components of the rate are as follows: (D)

Purchased Gas Commodity	
Costs, set forth in Rider "A"	\$2.6788/Mcf
Non-Gas Costs	\$.3589/Mcf

a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

1. The net amount per Mcf for recovery of the commodity component of purchased gas costs and for recovery or refund of "E" Factor amounts, the "PGCC", as determined in Rider "A" - Section 1307(f) Purchased Gas Costs of this tariff, including related Gross Receipts Tax; plus

(D) Indicates Decrease

2. The amount of \$.3589 per Mcf for recovery of non-gas costs.

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made of the commodity component of purchased gas costs and related Gross Receipts Tax (Item 1, above), and the rate per Mcf shall be changed accordingly. The component included in the rate for recovery of non-gas costs shall remain constant until changed in accordance with a procedure, other than a proceeding pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. Section 1307(f).

2. Commodity Charge for Transportation Service

The monthly commodity charge for Transportation Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas transported by the Company to the Customer's load balancing facilities.

(I)

The rate per Mcf for transportation of gas under this rate schedule shall be \$.5727 per Mcf, which includes \$.3597 for recovery of non-gas costs and \$.2130 for recovery of purchased gas costs.

V. SURCHARGE

The Demand Charges and the Commodity Charge for Sales Service shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge. In addition, the commodity charges for Sales and Transportation Service shall be subject to the provisions of Rider I - Case R-942991 Inflation Adjustment Surcharge, as set forth in this tariff.

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues (exclusive of the provision for recovery of Gross Receipts Tax) billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs.

VII. SPECIAL PROVISIONS

Monthly metered Special Provisions A through J contained in the Company's Rate Schedule for Transportation Service shall apply to transportation service under this rate schedule.

VIII. RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(I) Indicates Increase

RATE SCHEDULE LVIS

LARGE VOLUME INDUSTRIAL SERVICE

INDUSTRIAL CLASSIFICATION

An Industrial Customer is a customer using gas primarily in a process which grades or changes raw material or unfinished material into another form or product including establishments in mining and manufacturing. The nature of the customer's primary business or economic activity at the location served governs, irrespective of whether a particular load to a manufacturing or processing plant represents gas used for plant cafeteria or a heating load, with or without processing load, whether or not separately metered.

APPLICABILITY

(C)

Applicable in all areas served under this tariff, except for the territory identified in Rate Schedule PTA unless the customer has a separate transportation agreement under rate MMT or DMT and underdelivers gas supply.

AVAILABILITY OF SERVICE

I. MANDATORY SERVICE

Service under this rate schedule is available to, and is mandatory for, Industrial Customers, except customers receiving service pursuant to Rate Schedule LIS - Large Industrial Service that meet any of the following criteria:

- A. The total of the Company's actual deliveries of gas to the Industrial Customer, including not only volumes of gas purchased from the Company by such Industrial Customer but also volumes of Industrial Customer-owned gas transported by the Company to such Industrial Customer, measured in thousand cubic feet (Mcf), during the twelve billing months of the calendar year preceding the next-succeeding Application Period, as defined in this rate schedule, shall have been not less than 50,000 Mcf; or
- B. A proposed new Industrial Customer, not previously receiving any service from the Company, for which the Company and the Industrial Customer agree that the projected total volume of gas, including not only volumes of gas to be purchased from the Company by such Industrial Customer but also volumes of Industrial Customer-owned gas projected to be transported by the Company to such Industrial Customer, measured in thousand cubic feet (Mcf), will be not less than 50,000 Mcf during the succeeding twelve months; or

(C) Indicates Change

- C. An Industrial Customer, for which the Company estimates that the total volumes of gas purchased from the Company or transported by the Company during the next succeeding twelve months will be not less than 50,000 Mcf, if the Industrial Customer has used total volumes of gas in at least one billing month of not less than 4,167 Mcf, even if the Customer disagrees with the Company's estimate.

- D. An Industrial Customer for which the Company estimates that total volumes of gas to be used by the customer during the next succeeding twelve months will not be less than 50,000 Mcf of gas per year whether the gas is purchased by the Industrial Customer from the Company, delivered by the Company to the Industrial Customer, or obtained by the customer from another source.

An Industrial Customer that meets the above criteria under this rate schedule at the beginning of an Application Period is required to continue to be subject to this rate schedule during all months of such Application Period. An Industrial Customer that meets the above criteria under this rate schedule during an Application Period is required to continue to be subject to this rate schedule during all or remaining months of such Application Period.

MONTHLY RATE

\$410.00	Basic Service Charge	(D)
56.666¢	per 100 cubic feet for the first 100,000 cubic feet	(D)
54.839¢	per 100 cubic feet for the next 1,900,000 cubic feet	(D)
52.741¢	per 100 cubic feet for the next 18,000,000 cubic feet	(D)
51.363¢	per 100 cubic feet for all over 20,000,000 cubic feet	(D)

The above rates shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge.

(D) Indicates Decrease

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(C)

APPLICABLE PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

(C) Indicates Change

LARGE VOLUME INDUSTRIAL SERVICE RIDER BDS
BUSINESS DEVELOPMENT SERVICE RIDER

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY OF SERVICE

This Rider is available to Industrial customers with regard to sales service under the Large Volume Industrial Service Rate Schedule. This Rider is not available with regard to service under Rate Schedule LVI-LBS.

TERM

(C)

To become effective on the first day of the next billing cycle following qualification and acceptance by the Company and to continue during the qualification period for five (5) years.

QUALIFICATIONS

1. Facility

The following shall be considered a "qualifying facility":

A. For new customers:

- (1) a newly-constructed facility; or
- (2) an existing facility that has been purchased, or leased, and has been vacant for at least six (6) months.

B. For existing customers:

- (1) any combination of new employment or investment which is equal to at least ten percent 10% of the existing customer's historical level of employment at the time of application. For purposes of this subsection, an investment in plant facilities of \$15,000 shall be considered equivalent to one new employee.

(C) Indicates Change

2. Gas Usage

A. New Customers

The gas consumed by an applicant, at a qualifying facility, shall be eligible for this rate, provided there is sufficient consumption to qualify for the Large Volume Industrial Service Rate Schedule.

B. Existing Customers

Incremental gas consumed by an applicant, at a qualifying facility, shall be eligible for this rate provided that the incremental load is greater than 12,000 Mcf per year and the total annual consumption is sufficient to qualify for the Large Volume Industrial Service Rate Schedule. To determine qualifying gas usage, the incremental load will be measured against the gas consumed by the applicant over the most recent twelve-month period preceding the date of application for which data are available.

3. Classification

Applicants who qualify for one of the following classifications, pursuant to the Standard Industrial Classification Manual (1972 edition, as amended) will be eligible for this rider:

Manufacturing Division - major groups 20 - 39

4. Application

Applications for the rate must be received by the Company at least ninety (90) days, but not more than eighteen (18) months, prior to start-up of the qualifying facility.

RATES

New Large Volume Industrial Service customers who qualify for service under this Rider will receive a reduction to the otherwise applicable commodity rate, as stated below, for all gas usage. Existing Large Volume Industrial Service customers who qualify for service under this Rider will receive a reduction to the otherwise applicable commodity rate, as stated below for the qualifying portion of gas usage as determined in Qualifications Section 2.B, above. Customer charges and penalties, if any, under the Large Volume Industrial Service Rate Schedule, are not subject to reduction.

A. Amount of the Reduction

For years one, two and three of the qualification period, there shall be a reduction of \$0.02 per 100 cubic feet of qualifying consumption under the Large Volume Industrial Service Rate Schedule.

For years four and five of the qualification period, there shall be a reduction of \$0.01 per 100 cubic feet of qualifying consumption under the Large Volume Industrial Service Rate Schedule.

OTHER PROVISIONS

Except as modified by the terms of this Rider, all provisions of the Large Volume Industrial Service Rate Schedule apply to service to the customer.

Rate Schedule LVI-LBS

LOAD BALANCING SERVICE
FOR LARGE VOLUME INDUSTRIAL CUSTOMERS

I. APPLICABILITY

Throughout the territory served under this tariff.

II. AVAILABILITY

Sales Service and Transportation Service under this rate schedule are available to Large Volume Industrial customers that execute an agreement for one or more twelve-month periods of service under this rate schedule for incremental load used in load balancing facilities. For the purposes of this rate schedule, "incremental load" shall consist of the following:

- (1) Any volume of gas used at gas-consuming facilities constructed or installed after May 20, 1989, that will result in additional or expanded use of gas received from the Company; or
- (2) Any volume of gas used at existing gas-consuming facilities of Customer at which the Customer has not used gas taken from the Company for at least twelve (12) consecutive months.

For purposes of this rate schedule, "load balancing facilities" shall consist of any facilities of a Customer which use incremental load.

The Customer, in its sole discretion, must determine whether it will be more advantageous for the Customer to receive service for incremental load under this rate schedule or under the Large Volume Industrial Service rate schedule.

The Customer's load balancing facilities shall be constructed in a manner satisfactory to the Company so that the Company will be able to meter the volume of gas used by the Customer in the load balancing facilities separately from gas used by the Customer in other facilities.

The Customer's load balancing facilities must be served by a discrete gas service supply system beyond the Company's meter. During business hours, the Company shall have the right to inspect Customer's facilities to determine whether Customer's facilities, including Customer's gas service supply system and load balancing facilities, meet the requirements of this rate schedule.

In order to qualify for service under this rate schedule, Customers must execute an agreement for service under this rate schedule within one (1) year after either: (1) the date of the completion of the installation of new gas-consuming facilities; or (2) the date that the Customer begins taking gas from the Company at existing facilities of the Customer which have not used gas taken from the Company for at least twelve (12) consecutive months.

Service under this rate schedule shall not be subject to Rate Schedule BP - (C) Service for customers with Bypass facilities.

(C) Indicates Change

III. NATURE OF SERVICE

Sales Service provided under this rate schedule shall be firm service up to the level of the Customer's Gas BDU level established below, subject to the curtailment priorities of Rule 26. Sales Service in excess of the Customer's Gas BDU level will be provided only to the extent that the Company determines, from time to time, that available gas supply and available system capacity are sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

Transportation Service provided under this rate schedule shall be firm Service up to the level of the Customer's Margin BDU level established below, subject to the curtailment priorities of Rule 26. Transportation Service in excess of the Customer's Margin BDU level will be provided only to the extent that the Company determines, from time to time, that available system capacity is sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

IV. MONTHLY BILL

The monthly bill, for sales service under this rate schedule, shall be the sum of the Demand Charges, as computed in Section A hereinafter, and the Commodity Charges for sales and for transportation service, as computed in Section B hereinafter.

A. DEMAND CHARGES

The monthly Demand Charges shall be the sum of (1) the product of multiplying the rate per Gas Billing Demand Unit (Gas BDU), determined as provided below, by the number of the Customer's Gas BDUs, determined as provided below, and (2) the product of multiplying the rate per Margin Billing Demand Unit (Margin BDU) determined as provided below, by the number of Margin BDUs, determined as provided below.

1. Gas Demand Charge

a. Determination of Rate Per Gas BDU

The rate per Gas BDU shall be determined as follows:

1. The purchased gas demand costs applicable to the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial classes, the "DC" shall be obtained under Rider "A" - Section 1307(f) Purchased Gas Costs. (C)
2. The number 12 shall be multiplied by the sum of (a) the volume of gas (expressed in Mcf) purchased from the Company by all Residential,

(C) Indicates Change

Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial customers, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS and (b) the volume of service (expressed in Mcf) to all customers under the "Monthly Volume" provisions of Rate Schedule SB, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS.

3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs exclusive of Gross Receipts Tax.
4. The amount determined in Item 3, above, shall be divided by 0.950 to provide for recovery of the base-rate portion of Gross Receipts Tax related to the purchased gas demand cost component of the rate.
5. The rate per Gas BDU shall be the amount for purchased gas demand costs and related Gross Receipts Tax (Item 4).

(I)

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$.9019/BDU
Including Gross Receipts Tax	

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2, 3 and 4, above, of the component to be included in the rate for purchased gas demand costs and related Gross Receipts Tax, and the rate per Gas BDU shall be changed accordingly.

b. Determination of Customer's Gas BDUs

The Customer's Gas BDUs shall be determined as follows: The actual volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered qualifying load balancing facilities during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered qualifying load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently completed billing cycle and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Gas BDUs applicable to Customer shall be zero (0).

(I) Indicates Increase

2. Margin Demand Charge

- a. The rate per Margin BDU shall be \$.3198 per Margin BDU.
- b. Determination of Customer's Margin BDUs

The Customer's Margin BDU shall be determined as follows: The actual deliveries of gas to the Customer by Company, including not only volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities but also volumes of Customer-owned gas transported to the Customer's load balancing facilities through the Company's facilities, during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently completed billing cycle ended in December and ending with the current billing cycle.

If the Customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Margin BDUs applicable to Customer shall be zero (0).

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

The monthly Commodity Charge for Sales Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas sold to the Customer by the Company during the applicable billing cycle. (D)

The rate per Mcf shall be determined as follows and shall be \$2.9274 per Mcf, subject to revision as provided below:

The current components of the rate are as follows: (D)

Purchased Gas Commodity	
Costs, set forth in Rider "A"	\$2.6788/Mcf
Non-Gas Costs	\$.2486/Mcf

a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

- 1. The net amount per Mcf for recovery of the commodity component of purchased gas costs and for recovery or refund of "E" Factor amounts, the "PGCC", as determined in Rider "A" - Section 1307(f) Purchased Gas Costs of this tariff, including related Gross Receipts Tax; plus

(D) Indicates Decrease

2. The amount of \$.2486 per Mcf for recovery of non-gas costs.

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made of the commodity component of purchased gas costs and related Gross Receipts Tax (Item 1, above), and the rate per Mcf shall be changed accordingly. The component included in the rate for recovery of non-gas costs shall remain constant until changed in accordance with a procedure, other than a proceeding pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. Section 1307(f).

2. Commodity Charge for Transportation Service

The monthly commodity charge for Transportation Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas transported by the Company to the Customer's load balancing facilities.

(I)

The rate per Mcf for transportation of gas under this rate schedule shall be \$.4624 per Mcf, which includes \$.2494 for recovery of non-gas costs and \$.2130 for recovery of Purchased Gas Costs.

V. SURCHARGE

The Demand Charges and the Commodity Charge for Sales Service shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues (exclusive of the provision for recovery of Gross Receipts Tax) billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs.

VII. SPECIAL PROVISIONS

Monthly metered Special Provisions A through J contained in the Company's Rate Schedule for Transportation Service shall apply to transportation service under this rate schedule.

VIII. RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(I) Indicates Increase

RATE SCHEDULE LIS

LARGE INDUSTRIAL SERVICE

INDUSTRIAL CLASSIFICATION

An Industrial Customer is a customer using gas primarily in a process which grades or changes raw material or unfinished material into another form or product including establishments in mining and manufacturing. The nature of the customer's primary business or economic activity at the location served governs, irrespective of whether a particular load to a manufacturing or processing plant represents gas used for plant cafeteria or a heating load, with or without processing load, whether or not separately metered.

APPLICABILITY

(C)

Applicable in all areas served under this tariff, except for the territory identified in Rate Schedule PTA unless the customer has a separate transportation agreement under rate MMT or DMT and underdelivers gas supply.

AVAILABILITY OF SERVICE

I. MANDATORY SERVICE

Service under this rate schedule is available to, and is mandatory for, Industrial Customers that meet any of the following criteria:

- A. The total of the Company's actual deliveries of gas to the Industrial Customer, including not only volumes of gas purchased from the Company by such Industrial Customer but also volumes of Customer-owned gas transported by the Company to such Industrial Customer, measured in thousand cubic feet (Mcf), during the twelve billing months of the calendar year preceding the next-succeeding Application Period, as defined in this rate schedule, shall have been not less than 200,000 Mcf; or
- B. A proposed new Industrial Customer, not previously receiving any service from the Company, for which the Company and the Industrial Customer agree that the projected total volume of gas, including not only volumes of gas to be purchased from the Company by such Industrial Customer but also volumes of Customer-owned gas projected to be transported by the Company to such Industrial Customer, measured in thousand cubic feet (Mcf), will be not less than 200,000 Mcf during the succeeding twelve months; or

(C) Indicates Change

- C. An Industrial Customer, for which the Company estimates that the total volumes of gas purchased from the Company or transported by the Company during the next succeeding twelve months will be not less than 200,000 Mcf, if the Industrial Customer has used total volumes of gas in at least one billing month of not less than 17,000 Mcf, even if the Customer disagrees with the Company's estimate.

An Industrial Customer that meets the above criteria under this rate schedule at the beginning of an Application Period is required to continue to be subject to this rate schedule during all months of such Application Period.

An Industrial Customer that meets the above criteria under this rate schedule during an Application Period is required to continue to be subject to this rate schedule during all or remaining months of such Application Period.

MONTHLY RATE

\$500.00	Basic Service Charge		
54.430¢	per 100 cubic feet for the first	100,000 cubic feet	(D)
52.603¢	per 100 cubic feet for the next	1,900,000 cubic feet	(D)
50.505¢	per 100 cubic feet for the next	18,000,000 cubic feet	(D)
49.127¢	per 100 cubic feet for all over	20,000,000 cubic feet	(D)

The above rates shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge.

GAS SHORTAGE CURTAILMENT

Service under this schedule to an LIS Industrial Customer is subject to curtailment and excess consumption penalty as set forth in Rule 26 of this tariff.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this Rate Schedule.

(D) Indicates Decrease

Rate Schedule LI-LBS

LOAD BALANCING SERVICE
FOR LARGE INDUSTRIAL CUSTOMERS

I. APPLICABILITY

Throughout the territory served under this tariff.

II. AVAILABILITY

Sales Service and Transportation Service under this rate schedule are available to Large Industrial customers that execute an agreement for one or more twelve-month periods of service under this rate schedule for incremental load used in load balancing facilities. For the purposes of this rate schedule, "incremental load" shall consist of the following:

- (1) Any volume of gas used at gas-consuming facilities constructed or installed after May 20, 1989, that will result in additional or expanded use of gas received from the Company; or
- (2) Any volume of gas used at existing gas-consuming facilities of Customer at which the Customer has not used gas taken from the Company for at least twelve (12) consecutive months.

For the purposes of this rate schedule, "load balancing facilities" shall consist of any facilities of a Customer which use incremental load.

The Customer, in its sole discretion, must determine whether it will be more advantageous for the Customer to receive service for incremental load under this rate schedule or under the Large Industrial Service rate schedule.

The Customer's load balancing facilities shall be constructed in a manner satisfactory to the Company so that the Company will be able to meter the volume of gas used by the Customer in the load balancing facilities separately from gas used by the Customer in other facilities.

The Customer's load balancing facilities must be served by a discrete gas service supply system beyond the Company's meter. During business hours, the Company shall have the right to inspect Customer's facilities to determine whether Customer's facilities, including Customer's gas service supply system and load balancing facilities, meet the requirements of this rate schedule.

In order to qualify for service under this rate schedule, Customers must execute an agreement for service under this rate schedule within one (1) year after either: (1) the date of the completion of the installation of new gas-consuming facilities; or (2) the date that the Customer begins taking gas from the Company at existing facilities of the Customer which have not used gas taken from the Company for at least twelve (12) consecutive months.

Service under this Rate Schedule shall not be subject to Rate Schedule BP - service for customers with bypass facilities.

(C)

(C) Indicates Change

III. NATURE OF SERVICE

Sales Service provided under this rate schedule shall be firm service up to the level of the Customer's Gas BDU level established below, subject to the curtailment priorities of Rule 26. Sales Service in excess of the Customer's Gas BDU level will be provided only to the extent that the Company determines, from time to time, that available gas supply and available system capacity are sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

Transportation Service provided under this rate schedule shall be firm Service up to the level of the Customer's Margin BDU level established below, subject to the curtailment priorities of Rule 26. Transportation Service in excess of the Customer's Margin BDU level will be provided only to the extent that the Company determines, from time to time, that available gas system capacity is sufficient to provide the level of service desired by the Customer without affecting adversely the reliability of service to the Company's existing customers receiving firm service.

IV. MONTHLY BILL

The monthly bill, for sales service under this rate schedule, shall be the sum of the Demand Charges, as computed in Section A hereinafter, and the Commodity Charges for sales and for transportation service, as computed in Section B hereinafter.

A. DEMAND CHARGES

The monthly Demand Charges shall be the sum of (1) the product of multiplying the rate per Gas Billing Demand Unit (Gas BDU), determined as provided below, by the number of the Customer's Gas BDUs, determined as provided below, and (2) the product of multiplying the rate per Margin Billing Demand Unit (Margin BDU) determined as provided below, by the number of Margin BDUs, determined as provided below.

1. Gas Demand Charge

a. Determination of Rate Per Gas BDU

The rate per Gas BDU shall be determined as follows:

1. The purchased gas demand costs applicable to the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial classes, the "DC", shall be obtained under Rider "A" - Section 1307(f) Purchased Gas Costs. (C)
2. The number 12 shall be multiplied by the sum of (a) the volume of gas (expressed in Mcf) purchased from the Company by all Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial customers, during the Company Peak Sales Month defined in Rate Schedule CPA. (C)

(C) Indicates Change

LBS and (b) volume of service (expressed in Mcf) to all customers under the "Monthly Volume" provisions of Rate Schedule SB, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS.

3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs exclusive of Gross Receipts Tax.
4. The amount determined in Item 3, above, shall be divided by 0.950 to provide for recovery of the base-rate portion of Gross Receipts Tax related to the purchased gas demand cost component of the rate.
5. The rate per Gas BDU shall be the amount for purchased gas demand costs and related Gross Receipts Tax (Item 4).

The current rate per Gas BDU is as follows:

(I)

Purchased Gas Demand Cost	\$.9019/BDU
Including Gross Receipts Tax	

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2, 3 and 4, above, of the component to be included in the rate for purchased gas demand costs and related Gross Receipts Tax, and the rate per Gas BDU shall be changed accordingly.

b. Determination of Customer's Gas BDUs

The Customer's Gas BDUs shall be determined as follows: The actual volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluding billing cycles ended in December, January, February or March, then the level of Gas BDUs applicable to Customer shall be zero (0).

(I) Indicates Increase

2. Margin Demand Charge

- a. The rate per Margin BDU shall be \$.2553 per Margin BDU.
- b. Determination of Customer's Margin BDUs

The Customer's Margin BDU shall be determined as follows: The actual deliveries of gas to the Customer by Company, including not only volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities but also volumes of Customer-owned gas transported to the Customer's load balancing facilities through the Company's facilities, during such Customer's Peak Billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the Customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Margin BDUs applicable to Customer shall be zero (0).

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

The monthly Commodity Charge for Sales Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas sold to the Customer by the Company during the applicable billing cycle. (D)

The rate per Mcf shall be determined as follows and shall be \$2.8739 per Mcf, subject to revision as provided below:

The current components of the rate are as follows:

Purchased Gas Commodity		(D)
Costs, set forth in Rider "A"	\$2.6788/Mcf	
Non-Gas Costs	\$.1951/Mcf	

a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

(D) Indicates Decrease

1. The net amount per Mcf for recovery of the commodity component of purchased gas costs and for recovery or refund of "E" Factor amounts, the "PGCC", as determined in Rider "A" - Section 1307(f) Purchased Gas Costs of this tariff, including related Gross Receipts Tax; plus

2. The amount of \$.1951 per Mcf for recovery of non-gas costs.

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made of the commodity component of purchased gas costs and related Gross Receipts Tax (Item 1, above), and the rate per Mcf shall be changed accordingly. The component included in the rate for recovery of non-gas costs shall remain constant until changed in accordance with a procedure, other than a proceeding pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. Section 1307(f).

2. Commodity Charge for Transportation Service

The monthly commodity charge for Transportation Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas transported by the Company to the Customer's load balancing facilities.

The rate per Mcf for transportation of gas under this rate schedule shall (I) be \$.4089 per Mcf, which includes \$.1959 for recovery of non-gas costs and \$.2130 for recovery of Purchased Gas Costs.

V. SURCHARGE

The Demand Charges and the Commodity Charge for Sales Service shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues (exclusive of the provision for recovery of Gross Receipts Tax) billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs.

VII. SPECIAL PROVISIONS

Monthly metered Special Provisions A through J contained in the Company's Rate Schedule for Transportation Service shall apply to transportation service under this rate schedule.

VIII. RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(I) Indicates Increase

Rate Schedule - NGV

NATURAL GAS VEHICLE SERVICE

I. APPLICABILITY

Throughout the territory served under this tariff.

II. AVAILABILITY

Sales Service under this rate schedule is available for use of natural gas by a customer directly in a natural gas motor vehicle ("NGV").

III. NATURE OF SERVICE

Service provided in this rate schedule shall be firm service subject to the curtailment priorities of Rule 26. For curtailment purposes, service under this rate schedule shall be defined as curtailment priority number (6), firm large noncritical commercial and industrial requirements other than requirement for boiler fuel use.

IV. RATE

Rates per 100 cu. ft. shall be established by the Company on the first day of each calendar month for each of the categories set forth below to compete with alternative vehicle fuels. The rates shall not be less than the 100% load factor base cost of gas, plus the take-or-pay surcharge, plus the surcharge for Transition Cost, plus the incremental operating cost incurred by the Company for operating Company owned NGV compression equipment on a per Ccf basis, if any, plus \$0.01 per 100 cu. ft., plus the state tax adjustment surcharge, and not more than the tailblock rate of the Commercial and Public Authority Service Rate Schedule, including all applicable surcharges, plus the incremental operating cost incurred by the Company for operating Company owned NGV compression equipment on a per Ccf basis, if any. (D)

The 100% load factor base cost of gas shall be \$0.35807 per 100 cu. ft. (as calculated by adding the purchase gas components of the Load Balancing Service Rates). (I)

Purchased Gas 100% Load Factor Demand Cost			
(including Gross Receipts Tax)	\$0.09019/Ccf		(D)
plus			(D)
Purchased Gas Commodity Cost			
(including Gross Receipts Tax)	<u>\$0.26788/Ccf</u>		(D)
equals			
100% Load Factor Base Cost of Gas	\$0.35807/Ccf		

The incremental operating cost for compression shall be \$0.14157/Ccf.

(D) Indicates Decrease
(I) Indicates Increase

Natural gas vehicle customers are classified into the following categories:

- NGV(1) All natural gas vehicle customers utilizing Company owned filling facilities. A uniform rate shall be established each month within the parameters set forth above, for customers utilizing Company-owned filling facilities.
- The minimum NGV(1) rate shall be \$0.51045/Ccf. (D)
- The current components of the minimum NGV(1) rate are as follows:
- 100% load factor base cost of gas: \$0.35807/Ccf
Incremental operating cost of Company owned NGV compression equipment: \$0.14157/Ccf
Transition Cost Surcharge \$0.00132/Ccf
State Tax Adjustment Surcharge: (\$0.00051)/Ccf
Minimum allowable Non-Gas cost: \$0.01000/Ccf (D)
- The maximum NGV(1) rate shall be \$0.68020/Ccf (D)
- The current components of the maximum NGV(1) rate are as follows:
- Tailblock rate of the Commercial and Public Authority Service Rate Schedule: \$0.53931/Ccf (D)
Incremental operating cost of Company owned NGV Compression equipment: \$0.14157/Ccf
State Tax Adjustment Surcharge: (\$0.00068)/Ccf (D)
- NGV(2) Natural gas vehicle customers utilizing customer owned filling facilities. A uniform rate will be established each month, within the parameters set forth above, to customers utilizing customer owned filling facilities.
- The minimum NGV(2) rate shall be \$0.36902/Ccf. (D)
- The current components of the minimum NGV(2) rate are as follows:
- 100% load factor base cost of gas: \$0.35807/Ccf
Transition Cost Surcharge \$0.00132/Ccf
State Tax Adjustment Surcharge: (\$0.00037)/Ccf
Minimum allowable Non-Gas cost: \$0.01000/Ccf (D)
- The maximum NGV(2) rate shall be \$0.53877/Ccf. (D)

(D) Indicates Decrease

The current components of the maximum NGV(2) rate are as follows:

Tailblock rate of the Commercial and Public Authority Service Rate Schedule:	\$0.53931/Ccf
State Tax Adjustment Surcharge:	(\$0.00054)/Ccf

(D)

V. SURCHARGE

All charges under this rate schedule will be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues (exclusive of the provision for recovery of Gross Receipts Tax) billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs. Purchased gas cost revenues (exclusive of the provision for recovery of Gross Receipts Tax) recovered under this rate schedule shall be the 100% load factor base cost of gas as defined above.

VII. RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

RATE SCHEDULE BP

SERVICE FOR CUSTOMERS
WITH BYPASS FACILITIES

PURPOSE

Bypass customers are required to make reasonable payments toward the recovery by the Company of its fixed costs of service in relation to their use of the Company's system during winter periods. Bypass customers are required to pay over a one-year period approximately the same amount that typical non-bypass customers using the same level of winter service would pay. These bypass customers are required to make these payments so that they pay their fair share of system costs in relationship to their usage, and so that other non-bypass customers are not burdened.

This rate schedule requires also that bypass customers operate in a manner that will not jeopardize service to other customers.

APPLICABILITY

Throughout the territory served under this tariff.

Service under this rate schedule is available to all customers served under Commercial and Public Authority ("C-PA") Service Rate Schedule, Small Volume Industrial Service ("SVIS") Rate Schedule, Intermediate Volume Industrial Service ("IVIS") Rate Schedule, Rate Schedule LVIS or Rate Schedule LIS that have installed facilities which would enable the Customer to receive volumes of gas purchased from or transported by an entity other than the Company, without using the Company's distribution system ("Bypass Facilities"); provided, however, that this Rate Schedule shall not apply to "Self-Help" gas. (C)

"Self-Help" gas refers to gas produced by the customer from gas reserves and wells owned by the customer on a tract of land owned by the customer that is contiguous to the tract of land on which the customer's manufacturing plant is located.

SERVICE AGREEMENT

The Customer must execute a service agreement for one or more twelve-month contract terms terminating at the completion of the last billing cycle ending in November of each year. The Service Agreement shall specify the level of system service, during thirty-day periods, that the customer desires to have available on the Company's distribution system. Such level of service shall be specified in the form of a volume of gas, expressed in Mcf, that the Customer wishes to be able to have the right to purchase from the Company or transport through the Company's facilities during thirty-day periods. Such volume shall be subject to adjustment as explained in the Special Provisions section of this rate schedule.

(C) Indicates Change

METERING AND FLOW CONTROL EQUIPMENT

The Company may install at the premises of any customer under this rate schedule an automated meter reading device (AMD) and communications device, at customers expense, which will enable the Company to monitor and record each Bypass Customer's daily usage. In addition, if changes in levels of usage of gas from the Company by any Customer under this rate schedule would have the potential to adversely affect service to others customers, the Company may install flow control devices, at customers expense, to restrict the daily flow of gas to the Customer to approximately one-thirtieth (1/30) of the monthly Bypass nomination.

NATURE OF SERVICE

A nomination under this rate schedule shall permit the customer to use the Company's facilities on a firm basis subject to curtailment priorities of Rule 26 of this Tariff. The gas may be either customer-owned gas or Company-owned gas. If the gas is customer-owned, the customer must have contracted with the Company for transportation service under the rate schedule for Transportation Service. If the gas is Company-owned, the customer must have contracted with the Company for standby service under Rate Schedule SB. If the customer is categorized as a residential or firm critical commercial essential human needs customer, then the customer must contract with the Company under rate schedule PSB.

MONTHLY BILLS

The procedures set forth below require bypass customers to pay over a twelve-month period revenues for recovery of non-gas costs of service approximately equal to amounts paid by average non-bypass customers with similar peak month winter usage. The procedures below require a bypass customer to pay over a twelve-month period based on its peak winter monthly usage multiplied by an average monthly load factor for non-bypass customers. The applicable rate is applied to the resulting volume. The procedures also reduce volumes subject to this rate schedule to credit a bypass customer for actual throughput to which the Company's sales or transportation service rates are applied.

RATE

Customers under this rate schedule shall be subject to the applicable rate listed below to be applied to the Billing Volume, as defined below.

<u>For customers receiving service under</u>	<u>Bypass rate</u>	
Commercial/Public Authority Rate Schedule	\$0.9613 per Mcf	(D)
Rate Schedule SVIS	\$0.9868 per Mcf	(I)
Rate Schedule IVIS	\$0.9868 per Mcf	(I)(C)
Rate Schedule LVIS	\$0.7565 per Mcf	(I)
Rate Schedule LIS	\$0.2578 per Mcf	(D)

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

MONTHLY VOLUME

The Monthly Volume shall be the volume of gas specified in the Service Agreement under this rate schedule or as adjusted under the Special Provisions section of this rate schedule, as adjusted for the number of days in the billing cycle. In order to adjust the volume of gas specified in the Service Agreement under this rate schedule or as adjusted under the Special Provisions section of this rate schedule for the number of days in a billing cycle, such volume of gas shall be multiplied by a fraction. The numerator of the fraction shall be the number of days in the billing cycle and the denominator shall be thirty (30).

APPLICATION TERM

In this rate schedule, the phrase "Application Term" shall be each twelve-month period terminating at the completion of the last billing cycle ending in November of each year.

BILLING VOLUME

For each billing month, if the volume of gas delivered to the customer from the Company, including both gas purchased by the customer from the Company and gas transported by the Company exceeded 50.00 percent of the Monthly Volume, as adjusted in the manner explained above for the number of days in the billing cycle, then the Billing Volume for service under this rate schedule shall be zero (0) Mcf.

For each billing cycle, if the volume of gas delivered to the customer by the Company, including both gas purchased by the customer from the Company and gas transported by the Company, was less than 50.00 percent of the Monthly Volume, as adjusted in the manner explained above for the number of days in the billing cycle and if the volume determined under item 1, below, is greater than or equal to the volume determined under item 2, below, then the Billing Volume for service under this Rate Schedule shall be zero (0) Mcf.

For each billing month, if the volume of gas delivered to the customer by the Company, including both gas purchased by the customer from the Company and gas transported by the Company, was less than 50.00 percent of the Monthly Volume, as adjusted in the manner explained above for the number of days in the billing cycle and if the volume determined under item 1, below, is less than the volume determined under item 2, below, then the Billing Volume for service under this rate schedule shall be the difference between the volume determined under item 1, below, and the volume determined under item 2, below.

1. The total volume of gas delivered to the customer by the Company, including both Company-owned gas sold to the customer and customer-owned gas transported by the Company, during the period commencing at the beginning of the current Application Term through the completion of the billing cycle for which the Billing Volume is being determined

BILLING VOLUME(Cont'd)

shall be added to the total Mcf volume billed to the customer under this rate schedule for service during the period commencing at the beginning of the current Application Term through the completion of the billing cycle immediately prior to the billing cycle for which the Billing Volume is being determined.

2. a. The Monthly Volume shall be multiplied by a fraction. The numerator of the fraction shall be 365 and the denominator shall be 30.
- b. The product of item 2.a. shall be multiplied by 50.00 percent.
- c. For each billing cycle during the Application Term, the product of item 2.b., above, shall be multiplied by a fraction. The numerator of the fraction shall be the number of billing cycles during the Application Term that have completed (including the billing cycle for which the Billing Volume is being determined) and the denominator shall be twelve (12).

SPECIAL CREDIT

If the sum of: (1) the total Mcf volume of gas delivered to the Customer by the Company, including both volumes of Company-owned gas sold to the Customer and Customer-owned gas transported by the Company, during an Application Term and (2) the Mcf volume of service under this rate schedule during such Application Term, exceeds the applicable volume determined below, then the Customer shall receive a credit. Such credit will be equal to the applicable rate for service under this rate schedule multiplied by the lesser of:

1. The Mcf volume of service to the Customer under this rate schedule during the Application Term or
2. The difference between:
 - a. the sum of: (1) the total Mcf volume of gas delivered to the Customer by the Company, including both volumes of Company-owned gas sold to the Customer and Customer-owned gas transported by the Company, during the Application Term and (2) the Mcf volume of service under this rate schedule during such Application Term and
 - b. the applicable volume computed as set forth below.

For Customers under this rate schedule, the applicable volume, for each Application Term shall be determined under items 1 and 2, below:

1. The volume of gas specified in the Service Agreement under this rate schedule or as adjusted under the Special Provisions section of this

SPECIAL CREDIT (Cont'd)

rate schedule as in effect at the end of the Application Term shall be multiplied by a fraction. The numerator of the fraction shall be 365 and the denominator shall be 30.

2. The product of item 1, above, shall be multiplied by the factor of 0.5000.

ANNUAL MAXIMUM BILL

The Annual Maximum Bill for recovery of non-gas costs of service applies to any customer which provides to the Company accurate and verifiable information concerning the volume of gas taken by the Customer through bypass facilities during a twelve-month Application Term. The Annual Maximum Bill for recovery of non-gas costs of service shall be the sum of: (1) the sum of all basic service charges and administrative rates applicable for service during the Application Term and (2) the product of Distribution's rate for transportation of Pennsylvania gas applicable to the customer multiplied times the total volume of gas used by the bypass customer, including both the volume of gas actually taken from the Company and the volume of bypass gas taken during the Application Term under Rate Schedule BP.

The Annual Bill shall apply only to the portion of rates for recovery of non-gas costs of service and shall not affect the portion of rates for sales of gas by the Company or rates under Rate Schedule SB (for Standby Service) or rates under Rate Schedule PSB (for Priority Standby Service) for recovery of purchased gas costs under Rider A of this tariff.

BILLING

The Company shall include the bill for service under this rate schedule together with the bill for service under all other rate schedules. For each billing cycle, payment for service under this rate schedule shall become due simultaneously with the payment for service under all other rate schedules.

SPECIAL PROVISIONS

1. If the sum of purchases by a Customer from the Company and transportation deliveries by the Company to a Customer, during any billing cycle that ends in any December, January, February or March, exceeds the level of service, expressed in Mcf, set forth in the Service Agreement, as adjusted for the number of days in such billing cycle, then the level of service that is

SPECIAL PROVISIONS (Cont'd)

set forth in the Service Agreement shall be adjusted to equal the volume of gas actually purchased from, and transported by, the Company during such billing cycle adjusted to a 30 day billing cycle by multiplying such volume by a fraction. The numerator of the fraction shall be thirty (30) and the denominator shall be the number of days in the billing cycle.

If the level of service specified in the Service Agreement is adjusted under this Special Provision, then the Service Agreement shall continue to be effective and the Service Agreement shall be interpreted to specify the level of service as adjusted under this Special Provision, unless such volume of gas and term of the Service Agreement are further adjusted in accordance with this Special Provision. Such level of service, as adjusted under this Special Provision, shall continue to be effective for the remainder of the Service Agreement.

2. If a Customer served under the Commercial/Public Authority Rate Schedule, Rate Schedule SVIS, Rate Schedule IVIS, Rate Schedule LVIS or Rate Schedule LIS, that has Bypass Facilities installed, declines (C) to enter into a Service Agreement for service under this rate schedule but either purchases gas from the Company or transports gas through the Company's facilities, such purchase of gas from the Company or transportation of gas by the Company shall be deemed to be the execution by the Customer of a Service Agreement under this rate schedule with a term of one Application Term and the level of service under such Service Agreement shall be the volume of gas purchased or transported for the Customer from the Company during such billing cycle, adjusted to a 30 day billing cycle. In order to adjust the level of service to a 30 day billing cycle the volume of gas actually purchased from and transported by the Company during such billing cycle shall be multiplied by a fraction. The numerator of the fraction shall be thirty (30) and the denominator shall be the number of days in the billing cycle.

(C) Indicates Change

MAXIMUM SAFE OPERATING VOLUME

If substantial changes by the Customer in levels of usage of gas from the Company may adversely affect service to other customers and if the Company has not installed flow control devices at the Customer's premises, the Company may establish for that Customer a Maximum Safe Operating Volume ("MSOV"). The MSOV will be the maximum daily volume that the customer can take from the Company without jeopardizing service to other customers. The MSOV will be based upon an engineering study to be performed by the Company of the Company's facilities, the Customer's actual and potential load characteristics, other customers and their respective loads and the sources of supply in the vicinity of the Customer. Upon completion of the engineering study and determination of the applicable MSOV, the Company will inform the Customer of the MSOV applicable to it. Thereafter, the Customer may not use more than the MSOV of gas from the Company during any day without giving the Company at least one complete business days notice of its increased level of usage of gas from the Company. If the Customer uses in any day more than the applicable MSOV, the Customer shall pay to the Company, in addition to all other applicable charges, a penalty of \$25 per Mcf of gas taken from the Company in excess of the MSOV.

DAY

As used in this Rate Schedule, the word "day" shall mean a consecutive twenty four hour period commencing at 8:00 a.m. on each calendar day.

LIMITATION OF SERVICE

For any commercial, public authority, SVIS, IVIS, LVIS or LIS Customer that has installed Bypass Facilities, the Company maintains no duty to allow the Customer either to purchase gas from the Company or to transport gas through the Company's facilities in excess of the level of service, expressed in Mcf in the Service Agreement under this rate schedule, as adjusted in the manner set forth hereinabove under this rate schedule. (C)

(C) Indicates Change

CONTRACT TERM

The initial term of the Service Agreement shall be for at least one Application Term. After the initial Application or any renewal thereof, the Service Agreement shall be renewed automatically for successive one-year Application Terms thereafter unless the Customer or the Company terminates the Service Agreement by written notice thereof to the other more than sixty (60) days prior to the end of a term. If the Service Agreement is renewed automatically pursuant to the provisions of this paragraph, then the volume of gas specified in the renewed Service Agreement shall be established at the volumetric level in effect, as adjusted in accordance with Special Provision 1 or 2 of this rate schedule, immediately prior to the effective date of the renewed Service Agreement. The Company may terminate a Service Agreement at an earlier date as provided by law or by any provision of this tariff.

In addition, a Service Agreement may be terminated at the request of a Customer for a new Service Agreement specifying a greater level of service, and such request will be honored by the Company, subject to the availability of sufficient capacity for such service in those portions of the Company's system so affected. A Customer may also request, upon sixty (60) days written notice to the Company prior to the end of a contract term, a new Service Agreement specifying a reduced level of service, and such request will be honored by the Company; provided that the requested reduced level of service is not less than the level of service, if any, for the Customer under Rate Schedule SB or Rate Schedule PSB.

Irrespective of the foregoing, any request by a Customer, for a reduction in the level of service under this rate schedule or for termination of service under this rate schedule effective at the end of any contract term, shall be deemed to have been denied and of no effect if, after such request, the term of the Service Agreement is continued under the Special Provisions of this rate schedule.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, service under this rate schedule.

RATE SCHEDULE PSB

PRIORITY STANDBY SERVICE

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY OF SERVICE

Service under this rate schedule is available to all customers under the Residential, Commercial and Public Authority, and SVIS Rate Schedules which enter into a contract for service under this Rate Schedule. A customer will be permitted to enter into a contract, prepared by the Company, for service under this rate schedule, however, only if the Company projects that sufficient volumes of gas will be available to the Company during the period of the customer's contract for Priority Standby Service.

Service under this rate schedule is mandatory for all customers categorized as Priority 1 under the curtailment priorities of Rule 26 who enter into contracts with the Company to receive Transportation Service and who do not have dual or alternate fuel equipment on site which is installed and operable with sufficient amounts of alternate fuel available on site during each winter period of each year commencing on December 1 and ending on March 31 of the following year. Service under this rate schedule is voluntary for all other customers.

NATURE OF SERVICE

Priority standby service shall permit the customer to purchase gas on a firm basis subject to curtailment priorities of Rule 26. The Company will take all reasonable steps to obtain or to maintain gas supplies sufficient to enable the Company to provide reasonably continuous service to each Customer receiving Priority Standby Service.

MONTHLY RATE

The monthly rate shall be \$0.8678 per Mcf, which shall be applied to the total monthly volumes transported by the customer during the month.

(D)

The rate shall equal the PGDC portion of the commodity rate applicable to the corresponding sales rate classification.

(D) Indicates Decrease

RATE SCHEDULE SB
STANDBY SERVICE

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY OF SERVICE

Service under this rate schedule is available to all customers under the Residential, Commercial & Public Authority, SVIS, IVIS, LVIS, and LIS Rate Schedules that meet the following criteria: (C)

1. The customer has executed a service agreement for a term of at least one year. The Service Agreement shall specify the level of service during thirty-day periods that the customer desires to be able to purchase from the Company. Such level of service shall be specified in the form of a volume of gas, expressed in Mcf, that the Customer wishes to be able to purchase from the Company during thirty-day periods. Such volumes shall be subject to adjustment as explained in the Adjustment section of this rate schedule.

2. The customer either (a) receives volumes of gas transported by the Company or (b) is an LVIS or LIS Customer and has facilities which enable the customer to obtain volumes of gas without using the Company's distribution system ("Bypass Facilities"); and

3. The customer is not categorized as Priority 1 under the curtailment priorities of Rule 26.

In addition, irrespective of the foregoing, Special Provisions 3 through 5, below, shall apply to all transportation customers except those receiving service under Rate Schedule PSB.

NATURE OF SERVICE

Standby service shall permit the customer to purchase gas on a firm basis subject to curtailment priorities of Rule 26. The Company will take all reasonable steps to obtain or to maintain gas supplies sufficient to enable the Company to provide reasonably continuous service to each Customer receiving standby service at the level specified in the Service Agreement, as adjusted from time to time in accordance with the provisions of this rate schedule. Service under this Rate Schedule shall be available only if the Company projects that sufficient volumes of gas will be available to the Company during the period of the contract to provide the level of service desired by the Customer, without affecting adversely the reliability of service to the Company's existing customers receiving firm gas service.

ADJUSTMENT

For each billing cycle, the volume of gas specified in the Service Agreement shall be adjusted to reflect the number of days in such billing cycle by multiplying such volume, expressed in Mcf, by a fraction. The numerator of the fraction shall be the number of days in the billing cycle applicable to the Customer and the denominator shall be 30.

(C) Indicates Change

MONTHLY RATE

The monthly rate shall be \$0.4206 per Mcf, which shall be applied to the Monthly Volume, as defined below. (D)

MONTHLY VOLUME

The Mcf volume of gas to which the Monthly Rate set forth above shall be applied, shall be determined for each billing cycle, as set forth below:

1. The volume of gas specified in the Service Agreement under this rate schedule shall be adjusted for each billing cycle by multiplying such volume, expressed in Mcf, by a fraction. The numerator of the fraction shall be the number of days in the billing cycle applicable to the customer and the denominator shall be thirty (30).
2. If the volume determined under item 1, above, is greater than the sum of the Mcf volume of gas purchased by the customer under rate schedules other than load balancing rate schedules during the billing cycle, the Monthly Rate shall be applied to the difference between: (a) the volume determined under item 1, above, and (b) the Mcf volume of gas purchased by the customer under the rate schedules other than load balancing rate schedules during such billing cycle.
3. If the volume determined under item 1, above, is equal to or less than the Mcf volume of gas purchased by the customer under rate schedules other than load balancing rate schedules during the billing cycle, then the Monthly Volume shall be zero (0) Mcf.

(D) Indicates Decrease

SPECIAL PROVISIONS

1. A customer that has Bypass Facilities and that desires service under this rate schedule must enter into an Agreement for Service under Rate Schedule BP that specifies a volume of gas equal to, or greater than, the volume of gas specified in the Service Agreement under this rate schedule.
2. As used in this Rate Schedule, the term "Bypass Facilities" does not include facilities that enable a customer to obtain "Self-Help" gas.

"Self-Help" gas refers to gas produced by the customer from gas reserves and wells owned by the customer on a tract of land owned by the customer that is contiguous to the tract of land in which the customer's manufacturing plant facilities are located.

3. SB customers shall be subject to a surcharge equal to 25 percent of the retail commodity rate applicable to volumes purchased by transportation customers (in excess of volumes contracted for under Rate Schedule SB) during the billing month ending in December, January, February or March and a surcharge equal to 10 percent of the retail commodity rate applicable to volumes purchased by transportation customers (in excess of volumes contracted for under Rate Schedule SB) during the remaining billing months when overruns by transportation customers are authorized by Distribution.
4. SB Transportation MMT customers shall be subject to a penalty of \$25 per MCF applicable to gas purchased from Distribution by transportation customers (in excess of volumes contracted for under Rate Schedule SB) during the billing month ending in December, January, February or March when Distribution has announced that overrun service is not available.

SB Transportation DMT customers shall be charged the higher of: (1) the rate determined in item 3 above or (2) the sum of the interstate transportation rate applicable to the customer, applicable gross receipts tax and the highest incremental per Mcf cost of gas purchased in Distribution's gas supply portfolio during the month applicable to gas purchased from Distribution by the transportation customer (in excess of volumes contracted for under Rate Schedule SB) plus the 25% premium during the billing month ending in December, January, February or March and a 10% premium during the remaining months when Distribution has announced that overrun service is not available.

5. Revenues for recovery of purchased gas costs and surcharges under items 3 and 4 above, shall be flowed through to sales customers under Rider "A" of this tariff.

(C)

(C) Indicates Change

LIMITATION OF SERVICE

For any customer that either (a) has contracted with the Company for transportation service, or (b) is a customer with installed Bypass Facilities, the Company maintains no duty to provide retail service to customer in excess of the level of service, expressed in Mcf in the Service Agreement under this schedule, as adjusted in the manner set forth hereinabove under this rate schedule.

CONTRACT TERM

The initial term of the Service Agreement shall be for at least one year. After the initial term, the Service Agreement shall be renewed automatically for successive one-year terms thereafter unless the customer or the Company terminates the Service Agreement by written notice thereof to the other more than sixty (60) days prior to the end of a term. If the Service Agreement is renewed automatically pursuant to the provisions of this paragraph, then the volume of gas specified in the renewed Service Agreement shall be established at the volumetric level in effect immediately prior to the effective date of the renewed Service Agreement. The Company may terminate a Service Agreement at an earlier date as provided by law or by any provision of this tariff.

In addition, a Service Agreement may be terminated at the request of a customer for a new Service Agreement specifying a greater level of service, and such request will be honored by the Company, subject to the Availability section of this rate schedule and subject to Special Provision 1 of this rate schedule. A customer may also request, upon sixty (60) days written notice to the Company prior to the end of a contract term, a new Service Agreement specifying a reduced level of service, and such request will be honored by the Company, subject to the Availability section of this rate schedule.

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. 49 to
Gas - Pa. P.U.C. No. 8
First Page No. 77A
Cancelling Original Revised Page No. 77A

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RATE SCHEDULE FOR MONTHLY METERED TRANSPORTATION SERVICE

DEFINITIONS

- (1) Gas Service Customer - A Gas Service Customer is an entity that is attached to the Company's lines and uses gas in its operations or in its premises;
- (2) MMT - Monthly Metered Transportation
- (3) MMT Service Customer - Any entity that has executed a MMT Service Agreement with the Company for transportation of gas by the Company.

AVAILABILITY OF SERVICE

If all of the qualifications (a) through (e) set forth below are met, any entity will be considered an MMT Service Customer under this Rate Schedule.

- (a) The entity that will receive gas transported by the Company (1) has a volumetric requirement of at least 5,000 Mcf per year or (2) belongs to a buyer group of no more than ten customers whose combined usage is at least 5,000 Mcf per year, provided, however, that larger buyer groups shall be permitted upon the mutual agreement of the Company and the customers;
- (b) A MMT service agreement must be executed by the MMT Service Customer in the form prepared by the Company (the "Service Agreement");
- (c) The MMT Service Customer has obtained, or has agreed to obtain, a supply of gas, of a quality acceptable to the Company, from any source of gas;
- (d) The MMT Service Customer has made, or has caused to be made, arrangements by which such volumes of gas can be delivered, either directly or by displacement, on a firm basis throughout the entire route from the point of production into the Company's distribution system throughout the term of the transportation service agreement; and
- (e) If facilities are required for furnishing of MMT service, in addition to facilities that are required for furnishing of gas service, to a Gas Service Customer, the MMT Service Customer shall have paid, in full, for any additional facilities required to be constructed for furnishing of MMT service, which payment shall not

be subject to refund under any circumstances. If additional facilities are required for furnishing of gas service, customer's payment for additional facilities required for furnishing of gas service shall be governed by Tariff Rule No. 3, "Extension of Facilities", and Tariff Rule No. 5, "Service Lines."

CHARACTER OF SERVICE

Gas, of a quality acceptable to the Company, owned by a MMT Service Customer and delivered, either directly or by displacement, into the Company's distribution system, will be transported, by the Company, to the delivery point designated by the MMT Service Customer. If the Customer meets the qualifications for service in the Availability section of this Rate Schedule, prior service under the superseded Rate Schedule for Transportation Service will be converted to service under this Rate Schedule unless the Company is notified by the Customer that it prefers service under the Rate Schedule for Daily Metered Transportation Service.

TERM OF SERVICE AGREEMENT

If the requirements of this Rate Schedule are met, the Company shall offer to enter into a Service Agreement with an initial term of one year and successive one-year terms thereafter. The initial term of a Service Agreement may be for less than one year only with the mutual consent of both the MMT Service Customer and the Company. If the initial term of a Service Agreement is for less than one year, successive terms thereafter shall be equal in length to the initial term. Either the MMT Service Customer or the Company may terminate the Service Agreement upon written notice thereof to the other more than thirty (30) days prior to the end of a term; further provided, however, that the Company may terminate a Service Agreement at an earlier date as provided by law by provisions of this Tariff.

MONTHLY RATES

A. Monthly Administration Rate

There shall be a monthly administration rate of \$70.00 for each Non-Residential transportation service customer. There shall be a monthly administration rate of \$10.00 for each Residential transportation service customer.

B. Commodity Rates

The commodity rates set forth below contain a component, presently \$0.2130 per Mcf, for recovery of purchased gas costs. (I)

For transportation of gas to Residential customers, the monthly rate for transportation of gas both within and outside the Commonwealth of Pennsylvania shall be:

\$2.0478 per Mcf. (I)

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.5774 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year. (I)

\$2.1557 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year. (I)

\$1.2351 per Mcf for Large Commercial/Public Authority. (I)

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.5774 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year. (I)

\$2.1557 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year. (I)

\$1.3109 per Mcf for Large Commercial/Public Authority. (I)

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.2482 per Mcf for SVIS Customers. (I)

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.2482 per Mcf for SVIS Customers. (I)

(I) Indicates Increase

For transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

(I)

\$1.2043 per Mcf for IVIS Customers.

For Transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

(I)

\$1.2854 per Mcf for IVIS Customers.

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

(I)

\$1.0116 per Mcf.

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

(I)

\$1.1016 per Mcf.

For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

(I)

\$0.6715 per Mcf.

For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

(I)

\$0.6715 per Mcf.

Provided, however, that the Company, in its sole discretion, may reduce by contract the portion of the above rates applicable to the Customer that are for recovery of gas or the portion of the rate for recovery of non-gas costs of service if it is reasonably necessary to do so to meet competition from another supplier of energy including gas from another supplier of gas that has constructed, or could construct, facilities to deliver supplies of gas to a Gas Service Customer of the Company without use of the Company's facilities or another transportation of gas. The Company will reduce the applicable rate only if:

- (a) Either (1) the Customer has facilities in place and operable to use an alternative fuel or obtain gas from an alternative supplier or (2) in the Company's judgment, such facilities would be constructed;

(I) Indicates Increase

- (b) Volumes of gas that would be transported by the Company would be displaced by an alternate fuel or an alternative source of gas unless the Company reduces its transportation rate;
- (c) The Company will not reduce the rate for transportation service below the level necessary to transport gas; and
- (d) In the Company's judgment the MMT Service Customer has taken all reasonable steps to minimize the cost of gas supplies delivered to the Company's system in order to help meet competition.

Where the above criteria are met, the Company may, in its discretion, enter into an agreement setting either: (1) a fixed transportation rate or (2) the basis for determining the transportation rate, for the period of the Service Agreement, which will specify which portion of the rate is being reduced.

If a Gas Service Customer is a member of a buyer group, bills for each member of a buyer group will be determined individually. Volumes of transportation service in a billing period will be allocated among members of a buyer group pursuant to the Service Agreement.

Volumes delivered as transportation service pursuant to this rate schedule shall not be subject to State Tax Adjustment Surcharge. Transportation volumes delivered for Residential, Commercial/Public Authority and IVIS customers shall be subject to surcharges in accordance with the provisions of Rider I - Case R-942991 Inflation Adjustment Surcharge, as set forth in this tariff.

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CHARGES FOR TRANSPORTATION BY OTHERS

If furnishing service, pursuant to this Rate Schedule, requires the use of a transportation service provided other than by the Company, any cost incurred by the Company, with regard thereto, shall be billed to MMT Service Customer by the Company.

CHARGES UNDER OTHER RATE SCHEDULES

The Gas Service Customer receiving gas transported by the Company under this Rate Schedule shall pay all charges under all other applicable rate schedules and riders, irrespective of whether such Customer, in any billing period, receives only gas transported by the Company, and such Customer shall pay rates under all other applicable rate schedules for any service furnished to the Customer in addition to transportation service under this Rate Schedule.

(C) Indicates Change

MAXIMUM DAILY QUANTITY

The "Maximum Daily Quantity" shall be the maximum volume of gas, expressed in Mcf, that, as set forth in a MMT Service Customer's Service Agreement, may be delivered into the Company's distribution system, during any twenty-four hour period, for transportation by the Company to such Customer as transportation service under this rate schedule. The Company, in its sole discretion and upon request of a MMT Service Customer, may agree to receive and to transport, during any twenty-four period, a volume in excess of the Maximum Daily Quantity as set forth in a Transportation Service Customer's Service Agreement. During any hour of any twenty-four hour period, the Company shall not be required to receive and to transport more than 1/24 of the Maximum Daily Quantity as set forth in a Transportation Service Customer's Service Agreement.

CHARGES FOR OVERDELIVERIES

As used in this Rate Schedule, "overdeliveries" shall mean the cumulative amount by which the volume of gas delivered, since the commencement of transportation service by the Company for the Customer under any rate schedule, to the Company for the Gas Service Customer's account, after adjustment for line losses and after elimination of volumes purchased from the Gas Service Customer by the Company, exceeds the total amount of transportation service volumes taken by the Gas Service Customer from the Company under any rate schedule since the commencement of transportation service for the Gas Service Customer by the Company. Such cumulative overdelivery shall be computed as of the end of each billing month.

If, at the end of any billing month, the Gas Service Customer has overdeliveries in excess of 10% of the volume of MMT service gas transported to the Gas Service Customer by the Company in the billing month, the charge for such overdeliveries up to 37% of the volume of MMT service gas transported to the Gas Service Customer by the Company in the billing month shall be \$0.5774 per Mcf. (I)

For overdeliveries equal to or more than 37% of the volume of MMT service gas transported to the Gas Service Customer by the Company during the billing month, the charge for such overdeliveries shall be \$0.6931 per Mcf. (I)

(I) Indicates Increase

BILLING

Monthly charges, for transportation service pursuant to this rate schedule, are subject to the Late Payment Charges set forth in Section 16 of the Rules and Regulations of this Tariff.

SPECIAL PROVISIONS

A. The volume of gas delivered in to the Company's distribution system, on any day in behalf of Transportation Service Customers for transportation service pursuant to this Rate Schedule, shall be determined by meters and as provided in B, below, at the delivery points specified in the Service Agreement.

If any such point of delivery is also a point at which the Company buys or exchanges gas for the Company's own account through the same meter, the volume of gas delivered into the Company's distribution system, in behalf of Transportation Service Customers for transportation service, shall be deemed in behalf of such Customers, at such point on such day, determined after the adjustment provided in B, below, but shall not be more than the total amount actually delivered, determined after the adjustment provided in B below, through such meter into the Company's distribution system at such point on such day.

B. To compensate for line losses, the volume of gas delivered into the Company's distribution system, shall be determined for purposes of this Rate Schedule, to be equal to 97.5% of the amount indicated by a meter at the point of delivery into the Company's distribution system; provided however, that, where the only Company facilities involved in transporting gas to the Gas Service Customer are meters, meter installations, house regulators, house regulator installations and industrial measuring and regulating station equipment, no amount shall be deducted as compensation for line losses.

C. Service under this Rate Schedule may be interrupted during periods of supply shortages but only based upon the schedule of priority of curtailment set forth in section 26B of the Rules and Regulations of this tariff.

D. Transportation service under this Rate Schedule may be interrupted or curtailed whenever, in the event of a sudden and unforeseen supply deficiency, the Company invokes emergency curtailment provisions under Tariff Rule 26B.

E. In the event of interruption or curtailment of transportation service, pursuant to items C and D, above, and during such period of interruption or curtailment, the MMT Service Customer must sell to the Company all or a portion of the MMT Service Customer's supply of gas at the higher of (1) the Transportation Service Customer's cost of purchased gas at the point of delivery to the Company or (2) the Company's average cost of purchased gas per Mcf, as determined based upon the Company's Section 1307(f) Rate, which is (I) \$4.5028.

F. If a Gas Service Customer receiving gas transported by the Company uses less than the amount of gas delivered into the Company's system for transportation to such Customer ("excess deliveries"), the Gas Service Customer receiving gas transported by the Company may use such gas during the banking/balancing period defined below, following which the Company shall have the right, but not the obligation, to purchase remaining excess deliveries of gas from the MMT Service Customer at a rate equal to the lowest of (1) the cost at which it was acquired by the MMT Service Customer, including pipeline transportation charges, or (2) the Company's average commodity delivered cost of gas to National Fuel Gas Supply Corporation, or (3) the Company's average commodity cost of locally-produced gas during the month when excess deliveries were received by the Company. The cost at which the MMT Service Customer acquired the gas will be determined from such Customer's contract with the supplier or by a sworn affidavit setting forth the Customer's cost of gas, including cost of delivery of such gas to the Company's system. Upon request by the Company, the MMT Service Customer will be required to furnish to the Company the MMT Service Customer's choice of (1) a copy of this contract or (2) an affidavit. The banking/balancing period shall be the three billing months after the billing month in which the Company received excess deliveries in behalf of the Customer.

G. If, in any billing month, the Gas Service Customer uses more gas from the Company than the sum of any overdelivery volumes at the beginning of the billing month and the volume of gas, after adjustment for line losses delivered to the Company for the Customer's account during the billing month, such use in excess of the volume of gas available for transportation service shall be a sale of gas by the Company to the Gas Service Customer under the applicable rate schedule and shall not be recharacterized as transportation service under any circumstances.

H. Service under this rate schedule shall be available only to the extent that there is sufficient capacity for such service in those portions of the Company's system affected by providing of transportation service including

(I) Indicates Increase

but not limited to, that portion of the Company's system where gas is delivered to the Company and that portion of the Company's system where gas is delivered to the Customer. In determining the Company's ability to provide transportation service, sufficient capacity in the Company's system shall be assumed. If service shall not be supplied, based upon insufficient capacity, the burden shall be on the Company to prove such capacity limitation.

I. Where gas is received by the Company for transportation service pursuant to this Rate Schedule, title to such gas shall remain vested in the Transportation Service Customer for which such gas was received for transportation. The Company's furnishing transportation service for a Transportation Service Customer shall be complete upon delivery of gas received for transportation service, except as provided in E and F, above.

J. The Company shall not be liable, under any circumstances or in any respect, to a Gas Service Customer, Transportation Service Customer, a producer of gas or any other person or entity for damages arising either directly or indirectly from interruption, curtailment or termination of transportation service.

K. Revenue for recovery of purchased gas costs under Rider "A" shall include the product of the portions of the rates under this Rate Schedule for recovery of purchased gas costs times the volumes billed under such rates; provided, however, that any adjustment to rates under this Rate Schedule pursuant to Special Provision L., below, shall be eliminated from rates used to calculate revenues for recovery of purchased gas costs under this Rate Schedule.

L. Rates under this Rate Schedule will be recomputed in, inter alia, each of the Company's annual proceeding under Section 1307(f) of the Public Utility Code. In each proceeding with application periods commencing after July 31, 1994, the portion of rates for recovery of purchased gas costs hereunder shall be computed after increasing or decreasing as appropriate the projected amounts of purchased gas costs to be recovered hereunder by the difference between the amount of purchased gas costs recovered under the Rate Schedule for Daily Metered Transportation Service and the amount that would have been recovered had service been furnished hereunder during the twelve month reconciliation period ended the November 30 prior to the application period.

M. Customers who contract for transportation service under this Rate Schedule shall have the right thereafter to purchase gas from the Company only to the extent that they have contracted for firm service under Rate Schedule SB for Standby Service or under Rate Schedule PSB for Priority Standby Service. Purchases of gas from the Company by transportation service customers who have not contracted for service under Rate Schedule PSB shall be subject to both the charges under the applicable sales rate schedule and all provisions of the Rate Schedule SB, including the Special Provisions. (C)

(C) Indicates Change

RATE SCHEDULE FOR DAILY METERED TRANSPORTATION SERVICE

DEFINITIONS

- (1) Gas Service Customer - A Gas Service Customer is an entity that is attached to the Company's lines and uses gas in its operations or in its premises;
- (2) DMT - Daily Metered Transportation
- (3) DMT Service Customer - Any entity that has executed a DMT Service Agreement with the Company for transportation of gas by the Company.

AVAILABILITY OF SERVICE

If all of the qualifications (a) through (e) set forth below are met, any entity will be considered a DMT Service Customer under this Rate Schedule.

- (a) The entity that will receive gas transported by the Company (1) has a volumetric requirement of at least 5,000 Mcf per year or (2) belongs to a buyer group of no more than ten customers whose combined usage is at least 5,000 Mcf per year, provided, however, that larger buyer groups shall be permitted upon the mutual agreement of the Company and the customers;
- (b) A DMT service agreement must be executed by the DMT Service Customer in the form prepared by the Company (the "Service Agreement");
- (c) The DMT Service Customer has obtained, or has agreed to obtain, a supply of gas, of a quality acceptable to the Company, from any source of gas;
- (d) The DMT Service Customer has made, or has caused to be made, arrangements by which such volumes of gas can be delivered, either directly or by displacement, on a firm or interruptible basis, into the Company's distribution system; and
- (e) If facilities are required for furnishing of DMT service, in addition to facilities that are required for furnishing of gas service, to a Gas Service Customer, the DMT Service Customer shall have paid, in full, for any additional facilities required to be constructed for furnishing of DMT service, which payment shall not

be subject to refund under any circumstances. The DMT customer shall be required also to pay, in full, for costs of installing daily metering and communications equipment selected by the Company which will enable the Company to obtain each day meter readings of the volume of gas delivered to Distribution for the Customer's account and the volume of gas from Distribution used by the Customer each day. In addition, with regard to daily metering and communications equipment, the Customer shall pay an amount of money to provide for recovery of the present value of the carrying cost of income taxes on the payment for daily metering and communications equipment. Such carrying cost arises from the delay between federal and Pennsylvania income taxation and income tax deductions over the tax life of the equipment and a further amount equal to 72.67% of the carrying cost (based on present income tax rates). If additional facilities are required for furnishing of gas service, customer's payment for additional facilities required for furnishing of gas service shall be governed by Tariff Rule No. 3, "Extension of Facilities", and Tariff Rule No. 5, "Service Lines."

CHARACTER OF SERVICE

Gas, of a quality acceptable to the Company, owned by a DMT Service Customer and delivered, either directly or by displacement, into the Company's distribution system, will be transported, by the Company, to the delivery point designated by the DMT Service Customer.

TERM OF SERVICE AGREEMENT

If the requirements of this Rate Schedule are met, the Company shall offer to enter into a Service Agreement with an initial term of one year and successive one-year terms thereafter. The initial term of a Service Agreement may be for less than one year only with the mutual consent of both the DMT Service Customer and the Company. If the initial term of a Service Agreement is for less than one year, successive terms thereafter shall be equal in length to the initial term. Either the DMT Service Customer or the Company may terminate the Service Agreement upon written notice thereof to the other more than thirty (30) days prior to the end of a term; further provided, however, that the Company may terminate a Service Agreement at an earlier date as provided by law by provisions of this Tariff.

MONTHLY RATES

A. Monthly Administration Rate

There shall be a monthly administration rate of \$70.00 for each Non-Residential transportation service customer. There shall be a monthly administration rate of \$10.00 for each Residential transportation service customer.

B. Commodity Rates

For transportation of gas to Residential customers, the monthly rate for transportation of gas both within and outside the Commonwealth of Pennsylvania shall be:

\$1.8348 per Mcf.

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.3644 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year. (D)
\$1.9427 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year. (D)
\$1.0221 per Mcf for Large Commercial/Public Authority. (D)

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.3644 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per Year. (D)
\$1.9427 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year. (D)
\$1.0979 per Mcf for Large Commercial/Public Authority. (D)

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.0352 per Mcf for SVIS Customers. (D)

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.0352 per Mcf for SVIS Customers. (D)

For Transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$0.9913 per Mcf for IVIS Customers. (D)

(D) Indicates Decrease

For transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$1.0724 per Mcf for IVIS customers. (D)

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$0.7986 per Mcf. (D)

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$0.8886 per Mcf. (D)

For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$0.4585 per Mcf. (D)

For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$0.4585 per Mcf. (D)

Provided, however, that the Company, in its sole discretion, may reduce by contract the portion of the above rates applicable to the Customer that is for recovery of gas costs or the portion of the rate for recovery of non-gas costs of service if it is reasonably necessary to do so to meet competition from another supplier of energy including gas from another supplier of gas that has constructed, or could construct, facilities to deliver supplies of gas to a Gas Service Customer of the Company without use of the Company's facilities or another transporter of gas. The Company will reduce the applicable rate only if:

- (a) Either (1) the Customer has facilities in place and operable to use an alternative fuel or obtain gas from an alternative supplier or (2) in the Company's judgment, such facilities would be constructed;

(D) Indicates Decrease

- (b) Volumes of gas that would be transported by the Company would be displaced by an alternate fuel or an alternative source of gas unless the Company reduces its transportation rates;
- (c) The Company will not reduce the rate for transportation service below the level necessary to transport gas; and
- (d) In the Company's judgment the DMT Service Customer has taken all reasonable steps to minimize the cost of gas supplies delivered to the Company's system in order to help meet competition.

Where the above criteria are met, the Company may, in its discretion, enter into an agreement setting either: (1) a fixed transportation rate or (2) the basis for determining the transportation rate, for the period of the Service Agreement, which will specify which portion of the rate is being reduced.

If a Gas Service Customer is a member of a buyer group, bills for each member of a buyer group will be determined individually. Volumes of transportation service in a billing period will be allocated among members of a buyer group pursuant to the Service Agreement.

Volumes delivered as transportation service pursuant to this rate schedule shall not be subject to State Tax Adjustment Surcharge. Transportation volumes delivered for Residential, Commercial/Public Authority and IVIS customers shall be subject to surcharges in accordance with the provisions of Rider I - Case R-942991 Inflation Adjustment Surcharge, as set forth in this tariff.

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CHARGES FOR TRANSPORTATION BY OTHERS

If furnishing service, pursuant to this Rate Schedule, requires the use of a transportation service provided other than by the Company, any cost incurred by the Company, with regard thereto, shall be billed to DMT Service Customer by the Company.

CHARGES UNDER OTHER RATE SCHEDULES

The Gas Service Customer receiving gas transported by the Company under this rate schedule shall pay all charges under all other applicable rate schedules and riders, irrespective of whether such Customer, in any billing period, receives only gas transported by the Company, and such Customer shall pay rates under all other applicable rate schedules for any service furnished to the Customer in addition to transportation service under this Rate Schedule.

(C) Indicates Change

CHARGES FOR OVERDELIVERIES

As used in this Rate Schedule, "overdeliveries" shall mean the cumulative amount by which the volume of gas delivered to the Company for the Customer's account, since the commencement of transportation service by the Company for the Customer under any rate schedule, after adjustment for line losses and after elimination of volumes purchased from the Customer by the Company, exceeds the total amount of transportation service volumes taken by the Customer from the Company under any rate schedule since the commencement of transportation service for the Customer by the Company. Such cumulative overdelivery balance shall be computed each day, and the rates set forth below shall be applied to the maximum daily overdelivery volume occurring during the billing month.

If the DMT Service Customer in any billing month has overdeliveries in excess of two percent of the volume of gas transported for the customer in the billing month, the Customer shall be subject to additional charges each billing month. For a maximum daily overdelivery volume up to 37% of the volume of DMT service gas transported to the Customer by the Company in the billing month, the charge for overdeliveries shall be \$0.5774 per Mcf in excess of two percent (I) of the volume of gas transported for the customer in the billing month.

For overdeliveries equal to or more than 37% of the volume of DMT service gas transported to the Customer by the Company during the billing month, the charge for such excess overdeliveries shall be \$0.6931 per Mcf. (I)

OPERATIONAL FLOW ORDERS

The Company may also issue Operational Flow Orders ("OFOs") which apply to transportation customers receiving service under this rate schedule as follows:

A Restriction on Access to Daily Metered Imbalances

OFOs may be issued to customers receiving service under this rate schedule to assure that adequate supplies are delivered to the Company. During such period, DMT customers shall not be permitted to use banked gas to cover daily underdeliveries in excess of the 2% tolerance during the term of the OFO. Furthermore, in the event an OFO is issued, metered usage in excess of 102% of confirmed deliveries on behalf of the DMT customer to Distribution's city gate, less line loss, shall be deemed a sale of gas by the Company to the customer. All provisions related to the price for such sales, including charges under Rate SB-Standby Service, shall apply.

(I) Indicates Increase

B. Waiver of Overdelivery Charges

The Company may, in its discretion, waive DMT overdelivery charges during or following colder than normal periods and to waive undelivery premiums during or following warmer than normal periods.

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MAXIMUM DAILY QUANTITY

The "Maximum Daily Quantity" shall be the maximum volume of gas, expressed in Mcf, as set forth in a DMT Service Customer's Service Agreement, may be delivered into the Company's distribution system, during any twenty-four hour period, for transportation by the Company to such Customer as transportation service under this rate schedule. The Company, in its sole discretion and upon request of a DMT Service Customer, may agree to receive and to transport, during any twenty-four period, a volume in excess of the Maximum Daily Quantity as set forth in a transportation Service Customer's Service Agreement. During any hour of any twenty-four hour period, the Company shall not be required to receive and to transport more than 1/24 of the Maximum Daily Quantity as set forth in a Transportation Service Customer's Service Agreement.

BILLING

Monthly charges, for transportation service pursuant to this rate schedule, are subject to the Late Payment Charges set forth in Section 16 of the Rules and Regulations of this Tariff.

SPECIAL PROVISIONS

A. The volume of gas delivered in to the Company's distribution system, on any day in behalf of Transportation Service Customers for transportation service pursuant to this Rate Schedule, shall be determined by meters and as provided in B, below, at the delivery points specified in the Service Agreement.

If any such point of delivery is also a point at which the Company buys or exchanges gas for the Company's own account through the same meter, the volume of gas delivered into the Company's distribution system, in behalf of Transportation Service Customers for transportation service, shall be deemed to be the volume scheduled by the Company and such Customers to be delivered in behalf of such Customers, at such point on such day, determined after the adjustment provided in B, below, but shall not be more than the total amount actually delivered, determined after the adjustment provided in B below, through such meter into the Company's distribution system at such point on such day.

B. To compensate for line losses, the volume of gas delivered into the Company's distribution system, shall be determined for purposes of this Rate Schedule, to be equal to 97.5% of the amount indicated by a meter at the point of delivery into the Company's distribution system; provided however, that, where the only Company facilities involved in transporting gas to the Gas Service Customer are meters, meter installations, house regulators, house regulator installations and industrial measuring and regulating station equipment, no amount shall be deducted as compensation for line losses.

C. Service under this Rate Schedule may be interrupted during periods of supply shortages but only based upon the schedule of priority of curtailment set forth in section 26B of the Rules and Regulations of this tariff.

D. Transportation service under this Rate Schedule may be interrupted or curtailed whenever, in the event of a sudden and unforeseen supply deficiency, the Company invokes emergency curtailment provisions under Tariff Rule 26B.

E. In the event of interruption or curtailment of transportation service, pursuant to items C and D, above, and during such period of interruption or curtailment, the DMT Service Customer must sell to the Company all or a portion of the DMT Service Customer's supply of gas at the higher of (1) the Transportation Service Customer's cost of purchased gas at the point of delivery to the Company or (2) the Company's average cost of purchased gas per Mcf, as determined based upon the Company's Section 1307(f) Rate, which is (I) \$4.5028.

F. If a Gas Service Customer receiving gas transported by the Company uses less than the amount of gas delivered into the Company's system for transportation to such Customer ("excess deliveries"), the Gas Service Customer receiving gas transported by the Company may use such gas during the banking/balancing period defined below, following which the Company shall have the right, but not the obligation, to purchase remaining excess deliveries of gas from the DMT Service Customer at a rate equal to the lowest of (1) the cost at which it was acquired by the DMT Service Customer, including pipeline transportation charges, or (2) the Company's average commodity delivered cost of gas to National Fuel Gas Supply Corporation, or (3) the Company's average commodity cost of locally-produced gas during the month when excess deliveries were received by the Company. The cost at which the DMT Service Customer acquired the gas will be determined from such Customer's contract with the supplier or by a sworn affidavit setting forth the Customer's cost of gas, including cost of delivery of such gas to the Company's system. Upon request by the Company, the DMT Service Customer will be required to furnish to the Company the DMT Service Customer's choice of (1) a copy of this contract or (2) an affidavit. The banking/balancing period shall be the three billing months after the billing month in which the Company received excess deliveries in behalf of the Customer.

G. "Underdeliveries" are volumes of gas taken from the Company by a Gas Service Customer in excess of the sum of (1) any excess deliveries of the customer at the beginning of the day and (2) the volume of gas delivered to the Company for the customer's account, after adjustment for line losses less volumes of gas determined to be sales by the Company to the customer. Cumulative underdeliveries, as determined each day, in excess of two percent of the volume of gas delivered by the Company to the customer that day, shall be a sale of gas by the Company to the customer under the applicable rate schedule and shall not be recharacterized as transportation service under any circumstances. Cumulative underdeliveries of not more than two percent of the volume of gas delivered to a customer by the Company on any day may be offset by volumes of gas delivered to the Company for the customer's account, after adjustment for line losses, in excess of the volume of gas taken by the customer from the Company on subsequent days within the same billing month.

(I) Indicates Increase

H. Service under this rate schedule shall be available only to the extent that there is sufficient capacity for such service in those portions of the Company's system affected by providing of transportation service including but not limited to, that portion of the Company's system where gas is delivered to the Company and that portion of the Company's system where gas is delivered to the Customer. In determining the Company's ability to provide transportation service, sufficient capacity in the Company's system shall be assumed. If service shall not be supplied, based upon insufficient capacity, the burden shall be on the Company to prove such capacity limitation.

I. Where gas is received by the Company for transportation service pursuant to this Rate Schedule, title to such gas shall remain vested in the Transportation Service Customer for which such gas was received for transportation. The Company's furnishing transportation service for a Transportation Service Customer shall be complete upon delivery of gas received for transportation service, except as provided in E and F, above.

J. The Company shall not be liable, under any circumstances or in any respect, to a Gas Service Customer, Transportation Service Customer, a producer of gas or any other person or entity for damages arising either directly or indirectly from interruption, curtailment or termination of transportation service.

K. Revenues under this Rate Schedule for recovery of purchased gas costs under Rider "A" of this Tariff shall be computed as though service under this Rate Schedule had been provided instead under Rate Schedule MMT for Monthly Metered Transportation service, except that any adjustment to rates under Special Provision L. of the Rate Schedule for Monthly Metered Transportation Service shall be eliminated from the rates used to calculate revenues for recovery of purchased gas costs under this Rate Schedule.

L. Customers who contract for transportation service under this Rate Schedule shall have the right thereafter to purchase gas from the Company only to the extent that they have contracted for firm service under Rate Schedule SB for Standby Service or under Rate Schedule PSB for Priority Standby Service. Purchases of gas from the Company by transportation service customers who have not contracted for service under Rate Schedule PSB shall be subject to both the charges under the applicable sales rate schedule and all provisions of the Rate Schedule SB, including the Special Provisions. (C)

(C) Indicates Change

RATE SCHEDULE PCR
PIPELINE CAPACITY REALLOCATION

AVAILABILITY OF SERVICE

The assignment of the pipeline(s) capacity available to National Fuel Gas Distribution Corporation ("Company" or "Assignor") will be available to all of the Company's DMT and MMT customers and to other parties ("Assignees") of the Company subject to the availability of capacity to be assigned and the other applicable terms of this tariff.

Distribution periodically during each year will contact the customers to determine their interest in releases of capacity on interstate pipeline companies. Distribution will consider requests from customers at any time during the year. Distribution will offer to release at the maximum rate pipeline capacity at specific terms and conditions to customers who have previously expressed interest therein before offering to release pipeline capacity to non-customers.

CHARACTER OF SERVICE

The assignment of firm capacity on pipelines shall be made by the Company within the requirements of the pipelines' policies and procedures and the valid requirements of governmental and regulatory authorities having jurisdiction over such transactions.

RATE

The rate billed under this rate schedule will be the maximum rate bid under the terms and conditions of the pipeline's capacity assignment program. Subject to the terms and conditions of the pipeline's capacity assignment program, the Assignee may be billed a two part (demand/commodity rate), or a one part volumetric rate, or any other rate structure permitted under the pipeline's capacity release program.

The Assignee shall be liable for any additional costs or charges such as imbalance penalties, fees, annual charge adjustments or any other charges billed by the pipeline to the Company in connection with the released service. (C)

TERM

The maximum term for the assignment of capacity shall be as specified in the capacity release agreement between the Company and the Assignee subject to the capacity release provisions of the pipelines' FERC tariffs.

SPECIAL PROVISIONS

- (1) The Company may assign capacity under this tariff. The Company may retain agency rights as to the nominating, confirming, and billing for the Assignees contracting for the capacity rights.
- (2) Capacity rights under this program cannot be reassigned without the written approval from the Company.

(C) Indicates Change

- (3) For any assignment under this rate schedule:
- (a) Assignee shall be responsible for compliance with all terms and conditions for the assigned services, including all terms and conditions and any revisions that may be proposed and made effective, as set forth in the pipelines' FERC tariffs.
 - (b) Assignee shall submit all transportation nominations for assignment of services contracted for to Distribution in accordance with the Capacity Assignment Schedule to be provided by Distribution on a monthly basis.
 - (c) Assignee shall be responsible for paying all rates, charges, penalties, and fees which may accrue in connection with the assigned services.
 - (d) Assignee shall be responsible to balance and correct all imbalances between volumes injected into the pipelines' systems for Assignees's account and volumes delivered by such pipelines on Assignees behalf using capacity assigned hereunder.
- (4) The Company may, without any liability to the Company, terminate any assignment of services with Assignee that it deems inappropriate and/or could subject the Company to imbalance or scheduling penalties.
- (5) No contractual provisions of any assignment of services with the Assignee may be changed without written consent of the Company. Contractual provisions must include, but are not limited to, primary receipt points, volumes, delivery points, and term of contract.
- (6) Assignees will be responsible for arranging supplies in the amount necessary to cover their respective nominations, as well as such upstream and/or downstream transportation as may be required. In the event that supply and/or transportation arrangements for such Customers cannot be confirmed by the pipeline, then the assignment may be terminated by the Company.
- (7) If the customer fails to utilize the capacity assigned under this rate schedule during any month of the term of this agreement, the Company may.
- (8) The Company may require a security deposit for payment of services hereunder pursuant to Rule 24, above.

- (9) The revenues recovered by the Company hereunder shall be credited to recovery of purchased gas costs, through the experience or "E" factor of the PGC formula under Rider "A" of this tariff to the extent that such revenues are for recovery of costs categorized by the Commission as purchased gas costs to be recovered under Section 1307(f) of the Public Utility Code, 66 Pa. C.S. §1307(f).
- (10) If the Company receives a refund of any portion of the rates charged by the pipeline whose capacity was reallocated to a Customer under this rate schedule, the Company shall pay such refund to the customer; provided, however, that the amount refunded to the Customer shall not exceed the amount paid by the customer to the Company for the reallocated capacity.

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE

APPLICABLE TO USE FOR

Delivery services to customers under this service classification will terminate at the completion of the customer's April 1999 billing cycle.

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This Service will be provided to third party suppliers in order for them to serve the customers in the Cities of Sharon, Farrell and Hermitage, Boroughs of Sharpsville, West Middlesex and Wheatland, and Township of Shenango, pursuant to the Company's test program for residential and remaining sales customers unbundling ("Pilot Program"). Under the Pilot Program all customers in those counties will obtain gas supplies from suppliers other than the Company, through transportation provided by the Company. These "Non-Supplied" Customers primarily affected by the Pilot Program are all residential and remaining sales customers and they will participate in the Pilot Program by either choosing a supplier during the enrollment period of the Pilot Program, or if they do not choose a supplier they will be served by a supplier that has been chosen by the Company to serve all such non-electing customers.

Service hereunder is available to any qualified party (hereinafter called the Supplier) which: (1) has either a) obtained the consent and appointment of a group of at least 500 relevant customers or a group of relevant customers whose volumes total at least 60,000 Mcf on an annual basis ("PTA Customer(s)" or "PTA Customer Group"), and agrees to assume the primary responsibility for all gas supply service obligations for that group of PTA Customers, or b) has been appointed by the Company to be the Supplier that will serve all customers not served by other Suppliers ("the Default Supplier") and agrees to assume the primary responsibility for all gas supply service obligations for such designated customers, subject to the provisions herein; (2) meets all applicable requirements established by the Company, including the Company's requirements for creditworthiness; and (3) has entered into a PTA Service Agreement with the Company.

CHARACTER OF SERVICE

Pilot Transportation/Aggregation Service ("PTA Service") billed to Suppliers which is the transportation service by which the residential and remaining sales customers in the Cities of Sharon, Farrell and Hermitage, Boroughs of Sharpsville, West Middlesex and Wheatland, and Township of Shenango will receive unbundled services from Suppliers other than the Company as a part of the Company's Pilot Program. Through the procedures and provisions of this Pilot Transportation/Aggregation rate schedule and the Company's Pilot Program approved by the Public Utility Commission, the customers will: 1) contract for service with a Supplier and be served by such Supplier for an initial term ending March 31, 1998; or 2) if customers in the Pilot Program do not select a Supplier by the close of the Enrollment Period (as defined in Section H.2 herein) then such PTA Customer shall be served by the Default Supplier pursuant

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

(C)

to the terms of this Pilot Transportation/Aggregation rate schedule and the Company's Pilot Program approved by the Public Utility Commission.

The Supplier assumes all obligations of its PTA Customers for all services rendered to the PTA Customer by the Company associated with gas supply, transportation, and balancing. The Company shall remain the party responsible for the physical turn-on or shut-off of service, as well as for other service issues or emergencies related to physical gas service.

The Company will bill the Supplier for transportation services rendered by the Company for the Supplier's PTA Customers. The Supplier then will render (or will have rendered by a third party) the only bill that will go to the PTA Customer for the services provided to that customer, both gas supply and transportation. The Company will not bill the PTA Customer directly unless such customer is a member of the "Hardship Pool" as such is defined in Section 1.13. herein.

Should a Supplier default, and a PTA Customer have outstanding charges for transportation by the Company which the Customer has not paid to the Supplier, then the PTA Customer shall be obligated to pay such charges directly to the Company.

Customers shall not participate in both the LIRA pilot and the Pilot Transportation and Aggregation program.

RATES AND CHARGES

A. Transportation Service Rates

The Company will provide transportation services to deliver Suppliers' gas supplies from the City Gate to the PTA Customer(s). The Supplier shall be billed the sum of the charges for the transportation services rendered for each of its PTA Customers at the appropriate charges provided herein for which service each PTA Customer qualifies. A PTA Service Agreement will aggregate transportation services for residential customers and non-residential customers in the Pilot Program.

The Supplier shall pay the following transportation charges for the transportation of gas for each PTA Customer aggregated by the Supplier in the pilot area.

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

1. Residential Transportation Rates

PTA Customers that meet the qualifications under the Residential Service Rate Schedule classification:

Rates per Residential PTA Customer per Month:

\$11.10 Basic Service Charge
.20372 Per 100 cu. ft. for the first 5,000 cu. ft.
.15599 Per 100 cu. ft. for all Over 5,000 cu. ft.

2. Commercial and Public Authority Transportation Rates

PTA Customers that meet the qualifications under the Commercial and Public Authority Service Rate Schedule classification:

a) Rates per Commercial/Public Authority customer per month for "Small" Commercial/Public Customers using not more than 250,000 cubic feet per year:

\$15.44 Basic Service Charge
.23463 per 100 cu. ft. for the first 5,000 cu. ft.
.21829 per 100 cu. ft. for all Over 5,000 cu. ft.

b) Rates per Commercial/Public Authority customer per month for "Small" Commercial/Public Customers using greater than 250,000 cubic feet but not more than 1,000,000 cubic feet per year:

\$26.13 Basic Service Charge
.19255 per 100 cu. ft. for the first 20,000 cu. ft.
.17963 per 100 cu. ft. for all over 20,000 cu. ft.

c) Rates per Commercial/Public Authority customer per month for "Large" Commercial/Public Customers:

\$121.13 Basic Service Charge
.11059 per 100 cu. ft. for the first 300,000 cu. ft.
.09754 per 100 cu. ft. for the next 1,700,000 cu. ft.
.08109 per 100 cu. ft. for all over 2,000,000 cu. ft.

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

3. Small Volume Industrial Service Transportation Rates

PTA Customers that meet the qualifications under the Small Volume Industrial Service Rate Schedule classification:

Rates per Small Volume Industrial Service PTA Customer per Month:

\$65.08 Basic Service Charge
.19327 Per 100 cu. ft.

4. Intermediate Volume Industrial Service Transportation Rates

PTA Customers that meet the qualifications under the Intermediate Volume Industrial Service Rate Schedule classification:

Rates per Intermediate Volume Industrial Service PTA Customer per Month:

\$142.50 Basic Service Charge
.14048 per 100 cu. ft for the first 100,000 cu. ft.
.10396 per 100 cu. ft for the next 1,900,000 cu. ft.
.07535 per 100 cu. ft. for all over 2,000,000 cu. ft.

B. Miscellaneous Surcharges

1. E-Factor Charge

For a period of 12 months starting when service is rendered to the supplier, the rates for services rendered pursuant to this service classification shall include an amount per 100 cubic feet equal to the "E" factor included in the currently applicable Purchased Gas Commodity rate as specified in Rider A of this tariff.

2. Transition costs associated with FERC Order No. 636. The rates for service rendered pursuant to the service classification shall be subject to a monthly transition cost surcharge as described in Rider G to this tariff.

3. Upstream Pipeline Demand Charge Refunds

The rates for service rendered pursuant to this service classification shall include an amount per 100 cubic feet equal to any pipeline demand charge refunds not included in E-Factor amount in Item 1 above.

Such rate shall be determined in the Company's 1307(f) proceeding effective on August 1 of each year.

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

4. Charges pursuant to Special Provisions Section O of this rate schedule referring to Default Supplier Final Adjustment Charge/Refund amount. (C)
5. Transportation volumes delivered for Residential, Commercial/Public Authority and IVIS customers shall be subject to surcharges in accordance with the provision of Rider I - Case R-942991 Inflation Adjustment Surcharge, as set forth in this tariff. (C)

SPECIAL PROVISIONS

A. Gas Quality

Gas delivered by the Supplier must satisfy the quality specifications set forth in the PTA Service Agreement. Deliveries must be made at an appropriate Company facility located within the Territory, as described in this tariff, or at another point or points acceptable to the Company.

B. Allowance for Losses

As allowance for losses incurred in the process of delivery, the Supplier shall provide the Company with a volume of gas equal to 3.25% of the amount delivered to the Company.

In addition, to serve the "Hardship Pool", as such is defined in Section I.13. herein, from time-to-time Suppliers shall provide the Company with an incremental allowance for losses. Such volume of gas needed for such allowance shall be determined by the Company on a quarterly basis.

C. Upstream Capacity Requirements

Suppliers shall receive from the Company released pipeline capacity (subject to recall upon default by the Supplier), at the maximum rate. Such capacity shall be comprised of a portion of the Company's pipeline transportation capacity upstream of National Fuel Gas Supply Corporation ("NFGSC") as well as a portion of the Company's transportation and storage capacity on NFGSC based upon the Supplier's PTA Customer Group's load factor (normalized average daily consumption projected for the year divided by the estimated peak day consumption to be determined using the same methodology as used in the 1307(f) proceeding) and the Supplier's PTA Customer Group's projected winter period (November through March) consumption for a 10% colder than normal period. The percentage allocation of storage and pipeline capacity released to the Supplier shall be as follows:

<u>Aggregated Load Factor (Based on Estimated Peak Day Consumption)</u>	<u>Percent of Winter Demand Met by Upstream Capacity</u>	<u>Percent of Winter Demand Met by NFGSC Storage</u>
Less Than 40%	70%	30%
Greater Than or Equal to 40% but Less Than 70%	80%	20%
Greater Than or Equal to 70% but Less Than 100%	90%	10%
Equal to 100%	100%	0%

Daily pipeline capacity upstream of NFGSC will be released to the Supplier based on the following formula:

(C) Indicates change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

(C)

		Total		Percent of	
Daily Pipeline Capacity Allocated	=	Aggregated Winter Period (November through March) Demand	X	Winter Demand Met by Upstream Capacity	+ 151 Days

The actual pipeline capacity path upstream of NFGSC to be released to the Supplier by the Company shall be designated by the Company from its available capacity. The Company will attempt to accommodate a Supplier's request for particular capacity.

All capacity shall be released to Suppliers at the maximum rate under the pipeline's FERC gas tariff. To the extent that the actual demand cost per Dth of such upstream pipeline transmission capacity agreed to be released is greater than the Company's weighted average demand cost per Dth of upstream pipeline transmission capacity, the Supplier shall receive a credit for such difference in capacity costs for the billing month. To the extent that the actual demand cost per Dth of such upstream pipeline transmission capacity agreed to be released is less than the Company's weighted average demand cost per Dth of the upstream pipeline transmission capacity, the Supplier shall be surcharged for such difference in capacity costs for the billing month. These credits and charges will be reflected in the Company's purchased gas cost rate under Rider A of this tariff.

Suppliers will also obtain from the Company released transportation capacity on NFGSC to transport gas: 1) in and out of storage; and 2) from the upstream pipeline to the City Gate. Such capacity shall equal the Supplier's assigned amount of upstream capacity plus the peak day deliverability associated with the assigned amount of NFGSC storage capacity.

Suppliers will be required to follow a schedule set out by the Company such that the particular storage levels are obtained throughout the year, to assure the Supplier's customers' needs are met by the Supplier.

Also, the Supplier shall be required to provide the Company with the permission necessary to allow the Company to obtain access to the Supplier's storage balance information for the reason described above, as well as to assure the differences between the PTA Customers' usage and the Supplier's deliveries are reflected in NFGSC storage, as described in Section D.

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

(C)

To the extent the Company deems necessary as a result of customers being served from the Hardship Pool, as such is provided in Section I.13. herein, prior to December 1 of any year under the Pilot Program the Company may recall capacity assigned to the Default Supplier for reassignment to other Suppliers to assure sufficient supplies are delivered to the system for the winter season.

D. City Gate Balancing

1. Determination Daily Delivery Quantities and Aggregate Daily Delivery Quantities

The Company, based upon each customer's historical load profile and/or estimates of consumption, shall determine a Supplier's customer's projected normalized consumption for a given period; either monthly, weekly, or daily. Based upon this projected consumption, the Company will determine each customer's Daily Delivery Quantity (DDQ) and the Company will also determine the Supplier's PTA Customer Group's Aggregate Daily Delivery Quantity (ADDQ) by summing all DDQs of the PTA Customers in the Supplier's PTA Customer Group. The DDQs and ADDQ so calculated will be used to determine the Supplier's daily delivery obligations, and the specific rates and charges as outlined in this rate schedule.

A Supplier taking service under this rate schedule accepts the Company's calculation of the DDQ and/or ADDQ. The Company shall not be liable for the difference between the projected consumption and the consumption determination by the Company.

2. City Gate Delivery Requirements

Receipt of natural gas at the City Gate under this rate schedule shall be limited to the sum of the DDQs for all customers in a Supplier's PTA Group (the ADDQ) within a tolerance band described below. The Supplier must deliver or cause to be delivered at the City Gate the ADDQ on each day of the month, within the tolerance band described below. The Company will deliver to each individual PTA Customer the Customer's requirements.

To the extent the final calculated consumption of the PTA Customers in the Supplier's PTA Customer Group differs from the quantity of gas delivered by the Supplier at the City Gate for those PTA Customers, then the difference between such delivery and the consumption for that day will

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

(C)

be reflected in the Supplier's storage inventory with NFGSC. The Company shall communicate consumption data to NFGSC such that a daily change in the Supplier's storage inventory will be made.

To the extent the Supplier's deliveries to the City Gate differ from the ADDQ provided to the Supplier by the Company then a City Gate Imbalance shall occur ("Imbalance") and charges for such Imbalance will be incurred as described below.

The Company is not obligated to accept any volumes nominated by Supplier in excess of its PTA Customer Group's ADDQ.

3. City Gate Imbalance Charges

For amounts delivered to the City Gate by the Supplier that differ from the applicable ADDQ, the Supplier will incur the following charges:

a. Charges for Daily City Gate Underdeliveries:

i. For Daily City Gate underdeliveries up to or equal to (5) percent of the applicable ADDQ, there will be no charge.

ii. For Daily City Gate underdeliveries in excess of five (5) percent of the applicable ADDQ during the Summer Period (April through October), the charge for the gas supplied by the Company to make up for the underdeliveries shall be equal to the higher of \$7.00 per Dth or 110% of the Market Price of gas for that day which shall be determined by references in The Gas Daily Index, "Daily Price Survey" for "Appalachia", "CNG North Point".

iii. For Daily City Gate underdeliveries in excess of five (5) percent of the applicable ADDQ during the Winter Period (November through March), the charge for the gas supplied by the Company to make up for the underdeliveries shall be equal to the higher of \$10.00 per Dth or 110% of the Market Price of gas for that day which shall be determined by references in The Gas Daily Index, "Daily Price Survey" for "Appalachia", "CNG North Point".

iv. During OFO periods, the charges described in Section E herein shall apply in addition to those charges specified in this Section D.3.

b. Charges for Daily City Gate Overdeliveries

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

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There shall be no charges for Daily City Gate overdeliveries of up to five (5) percent of the applicable ADDQ, however, any such overdeliveries in excess of five (5) percent of the applicable ADDQ may be rejected by the Company in its sole discretion.

E. Operational Flow Order ("OFO")

The Company reserves the right to issue Operational Flow Orders as necessary to preserve the operational integrity of its system. Such OFOs may include, but shall not be limited to the following: a requirement to flow gas to or from storage on NFGSC, and a requirement to flow gas to the Supplier's primary receipt points on NFGSC.

Charges for Violation of OFOs

In addition to all other charges due the Company, any gas transported by Supplier in violation of any OFO issued under this Section E. shall be assessed a charge of the higher of \$25 per Dth or the Market Price of gas for that day which shall be determined by references in The Index, "Daily Price Survey" for "Appalachia", "CNG North Point".

F. Termination of Service for Failure to Deliver Daily Quantity

1. The Company shall have the right to terminate service under this rate schedule to any Supplier that fails for any three (3) days to deliver at least ninety (90) percent of the applicable ADDQ for the Supplier's PTA Customer Group, measured during a single thirty-day period ("Terminated Supplier"). The Terminated Supplier, at the Company's option, may be prohibited from receiving service under this rate schedule until such time as another Enrollment Period is established by the Company. Such Terminated Supplier's PTA Customers will join the Default Supplier's PTA Customer Group with the obligation that the gas supplies in storage and the capacity reserved for those customers shall be transferred to the Company through sale and recall such that the Company can then sell such supplies and release such capacity to the Default Supplier as follows:

a. Upon notice by the Company to the Terminated Supplier, the Company shall recall the capacity (both transportation and storage) that it has released to the Terminated Supplier.

b. Inventory remaining in storage shall be sold to the Company at a price equal to the Company's previous twelve month lowest monthly weighted average commodity cost, plus the associated variable transportation cost to National Fuel Gas Supply Company.

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

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c. The Terminated Supplier shall be responsible for any and all fees and taxes associated with moving or transferring the storage inventory to the Company. Such capacity shall then be released by the Company to the Default Supplier.

d. The storage inventory sold and transferred to the Company by the Terminated Supplier shall then be sold to the Default Supplier at the same price the Company paid, and such inventory shall be transferred to the Default Supplier, with the Default Supplier responsible for paying any and all fees and taxes associated with moving or transferring the gas supplies to its storage account.

2. Termination of Service for the Default Supplier shall occur as follows: Should the Default Supplier become a Terminated Supplier for failure to deliver under this Section F, then the Company will serve the Default Supplier's PTA Customer Group until a new Default Supplier is chosen by the Company. The terminating Default Supplier shall have the same obligation as other Terminated Suppliers to transfer to the Company the capacity that was being used to serve the Default Supplier's PTA Customer Group, effective upon the Default Supplier's termination. The Default Supplier shall also forfeit, without compensation, any storage inventory in its storage capacity that exists at the time of such default.

G. Supplier Qualification Criteria

1. Service under this rate schedule is contingent upon the Supplier meeting the Company's creditworthiness standards. Applicants for service hereunder will be required to complete a Credit Application for evaluation by the Company based on the criteria set forth in this tariff. The results of the creditworthiness checks performed by the Company will be communicated to the applicant within two weeks of the Company's receipt of the properly completed application.

2. The Supplier's application shall include a description of the Supplier's operational capability for meeting the requirements of its PTA Customer Group. The Company shall then make a determination as to whether this capability is sufficient.

3. Suppliers shall also describe in the application the means by which they will handle marketing and billing for 500 or more customers. Alternatively, Suppliers may identify a third party and describe how such party will handle such tasks. The Company shall then make a determination as to whether this capacity is sufficient.

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

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4. Suppliers shall include with their application payment of a non-refundable \$500 fee.

5. Suppliers shall also include with their application a copy of their intended pro forma contract for their prospective PTA Customers (minus confidential pricing provisions) demonstrating inclusion of the provisions set out in Section I. herein.

H. Supplier Obligations

1. Suppliers shall not contact customers until the beginning of the enrollment period (June 23, 1997).

2. Once qualified, Suppliers will be obligated to notify the Company on a weekly basis during the Enrollment Period (June 23, 1997 through August 22, 1997) of those customers enrolled in the Suppliers' PTA Groups. Final enrollments will be required by August 22, 1997. As of August 22, 1997, to the extent a Supplier's pool of customers is less than 500 or 60,000 Mcf annually, then those customers shall have an opportunity to choose another supplier by September 7, 1997.

3. Each Supplier will be obligated to keep on file written evidence of each customer's enrollment with that Supplier, which evidence shall be available for Company review at any time, upon 24 hours' notice.

4. Except during any Enrollment Period under the Pilot Program, to the extent a Supplier's PTA Customer at any time is not served any longer by that Supplier and is then the responsibility of the Default Supplier, effective upon the transfer of that customer to the Default Supplier, the original Supplier shall have the continuing obligation to deliver to the City Gate the gas supply previously used to supply that customer and the Supplier shall sell such gas supply to the Company at the City Gate, at the following market price: the weighted average commodity cost of gas of the Company for that month plus the associated fixed and variable transportation cost to the Company's City Gate. The Company shall then sell such supplies to the Default Supplier at the same price.

5. Suppliers agree to abide by any other specific requirements in the Company's Pilot Project Application as such is approved by the Public Utility Commission.

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

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I. Consumer Protections

In addition to satisfying the criteria set out in Sections G and H above, Suppliers seeking to obtain service hereunder to sell gas to customers must demonstrate to the Company that they will meet the following requirements:

1. Contracts between Suppliers and residential PTA Customers will contain specific language advising customers that the following consumer protections (Sections I.2.-7.) will be provided by the Supplier.

2. The Supplier has established a dispute resolution process satisfactory to the Company. Questions or complaints received by the Company will be processed to determine the nature of the dispute, and then forwarded as appropriate to the Supplier. The Company shall provide the Commission's Competition Hotline phone number to each customer who has submitted a question or complaint concerning the Supplier.

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3. The bills rendered by the Supplier will be clear and in plain language and shall meet the billing information requirements of Chapter 56 of the Commission's regulations, including the requirement that bills contain a statement directing the ratepayer to "register any question or complaint about the bill prior to the due date," with the Company telephone number where the customer may initiate the inquiry or complaint. The Supplier shall submit a sample bill to the Company.

4. The bills rendered by the Supplier will provide a Company telephone number through which the PTA Customer may obtain the amount the PTA Customer would have been billed by the Company for that month, had the Company provided gas service to that customer.

5. The Supplier will also be obligated to insert into PTA Customers' bills, information from the Company regarding the Customers' gas service.

6. The Supplier shall provide PTA Customers with minimum payment periods required by the Commission's regulations; i.e. residential customers shall have 20 days to pay and commercial customers shall have 15 days. If a customer fails to pay by the due date, the Supplier shall notify the PTA Customer by mail that failure to pay will result in transfer to the Default Supplier in 15 days.

7. Procedures are in place to ensure residential PTA Customers receive adequate prior notice of termination of gas supply services. The procedures must provide that notifications be sent to the residential PTA Customer(s) and to the Company at least 15 days before discontinuation of supply service to allow residential PTA Customers the opportunity to pay the overdue bill. Customers will only be transferred from a Supplier to the Default Supplier upon the "Control Date" for such customer, as such is established by the Company.

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

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The following Consumer Protection provisions (Sections I.8.-18.) shall apply to the Default Supplier only. These additional provisions are in addition to those protections provided in I.1.-7. To the extent the provisions in I.8.-18. conflict with those in I.1.-7. then Sections 8.-18. shall apply.

8. The Default Supplier shall be obligated to provide a rate offering to its customers which will be no more than the Company would have charged such customers for sales service. The Default Supplier shall also be obligated to file with the Public Utility Commission a copy of the terms and conditions under which it will serve its PTA Customers.

9. The Default Supplier shall be obligated to accept all customers designated to participate in the Pilot Program which have not been enrolled by other Suppliers. Such Default Supplier shall also agree to accept those PTA Customers terminated during the term of the Pilot Program by other Suppliers. The Default Supplier shall then have all other rights and obligations in this Section I with regards to those customers.

10. The Default Supplier shall provide service to all customers under credit and deposit standards that comply with Chapter 56 of the Commission's regulations.

11. The Default Supplier shall afford PTA Customers the same protections they currently enjoy during the winter season and shall be obligated to serve its PTA Customers during the winter season, December 1 through March 31.

12. In the event of medical hardships on the part of a PTA Customer, the Default Supplier shall provide for a medical extension of up to 30 days. The Default Supplier may require that certification from the PTA Customer's doctor explain why the loss of service is life threatening.

13. Except during the winter season, as provided in Section 1. 11 herein, if the PTA Customer fails to pay the Default Supplier by the due date, and the PTA Customer has not agreed to accept the terms of an arrangement offered by the Default Supplier, then the Default Supplier shall have the right to provide notice to the Company that the Customer has defaulted. The Supplier's responsibility for service to the Customer shall then be terminated 15 days from such notice and the Company shall then serve such customer from the "Hardship Pool". The Hardship Pool is a pool of gas to be collected from all Suppliers, including the Default Supplier, to serve customers that have been terminated from the Default Supplier. Before the Default Supplier can give such 15 day notice, the Default Supplier must have offered the Customer an

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

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arrangement (The "Standard Minimum Arrangement") as such is specified in the Default Supplier's PTA Service Agreement. Upon transfer to the Hardship Pool the Default Supplier shall have no right to request termination of service nor to threaten the Hardship Pool customer with termination.

14. Once transferred to the Hardship Pool the Company shall provide transportation service and serve the Customer with gas collected from all Pilot Program Suppliers' (Including the Default Supplier's) deliveries of gas to the system as an increment to amounts retained as an allowance for losses in the process of delivery, pursuant to quarterly adjustments of such allowance under the Pilot. The Company shall then bill the Customer a rate for such transportation service and gas supply equal to the rate it charges its sales customers. Moneys collected in excess of the transportation charges owed to the Company shall be credited to the Suppliers delivering gas to the system through the incremental retainage allowance.

15. To the extent the Customer then fails to pay his next months bill in full the Company shall then begin immediate termination proceedings, consistent with Chapter 56 of the Commission's regulations.

16. The Default Supplier may require positive identification from Hardship Pool customers applying for restoration of Default Supplier service. Such identification requirement may include requiring picture identification, social security number, as well as credit checks.

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17. With respect to such applications by Hardship Pool customers, the Default Supplier shall not be required to restore service in the name of a different customer if the original customer still resides at the location.

18. Upon restoration of service to Hardship Pool transferees, the Default Supplier may include all adult residents as ratepayers on the account.

J. PTA Service Agreement

The initial term of the PTA Service Agreement shall be for a period ending March 31, 1998 and renewable annually for successive one-year terms unless canceled by default of any terms or conditions hereof, or by the Company or the Supplier on sixty (60) days written notice prior to the end of a term, or otherwise by mutual agreement. A PTA Customer shall be obligated to contract with Suppliers for one initial term ending March 31, 1998. Notice for termination of such contracts shall be a matter to be determined by the Supplier and PTA Customer. To the extent a PTA Customer is served by the Default

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

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Supplier, without having made an election, then such Customer shall be served pursuant to the Default Supplier's standard terms and conditions for service, as provided in Section I. herein.

K. Force Majeure

Supplier will be excused from delivering the required daily quantity of supply on any given day for Force Majeure events which directly and substantially affect a Supplier's natural gas deliveries to the Company and for which alternate supply arrangements cannot be obtained by Supplier or, if the Supplier is unsuccessful in obtaining alternate supplies, for which the Company cannot obtain supplies on behalf of the Supplier. For supplies provided by the Company, the Supplier shall be charged the higher of 125% of the Residential purchased gas cost (commodity and demand) identified in Rider A or the highest price reported in the "Appalachia", "CNG North Point" index of the Gas Daily "Daily Price Survey" for each day such alternate supplies are delivered on behalf of Supplier. For purposes of this rate schedule, a Force Majeure event will be any failure of the final pipeline delivering gas to the Company or an upstream pipeline feeding such pipeline, with such failure having been classified as a Force Majeure event pursuant to the terms of that pipeline's Federal Energy Regulatory Commission-approved tariff. A Force Majeure event that curtails the Supplier's assigned firm transportation service on an upstream pipeline that ultimately feeds a downstream pipeline, which directly and substantially affects a Supplier's natural gas deliveries to the Company, and for which no alternative supplies are available from the Company or other sources will excuse a Supplier from performing pursuant to this rate schedule to the extent of such curtailment. If at such time the Supplier is delivering gas to other customers on the same system, the volume excused from performance on the Company's system will be no more than a proportionate amount of the affected deliveries curtailed by the Force Majeure event. The Supplier is responsible for supplying complete information and verifiable proof of all the particulars requested by the Company related to any such Force Majeure exclusion. In order to validate a claim of Force Majeure, the Supplier must have a firm, non-interruptible service with the affected pipeline that is covered by the Force Majeure event and must be willing to present such agreements to the Company.

Volumes curtailed pursuant to this Special Provision must be made up by Supplier as soon as possible at a delivery rate to be established by the Company. Any curtailed volumes which are not made-up within thirty (30) days will be sold to Supplier at a rate of \$10.00 per Mcf.

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

L. Title to Gas

Supplier warrants that, at the time of delivery of gas to the Company's City Gate, Supplier or Customer shall have good title to deliver all volumes made available.

M. Control and Possession

After Supplier delivers gas or causes gas to be delivered to the Company at the Company's City Gate, the Company shall be deemed to be in control and possession of the gas until it is redelivered to the Customer at Customer's meter.

N. 24 Hour Availability

Supplier shall include on the PTA Service Agreement a phone number by which Supplier can be reached on a twenty-four (24) hour basis.

O. Default Supplier Final Adjustment Charge/Refund

When a Default Supplier terminates its role as Default Supplier, the Company shall calculate the Default Suppliers Final Adjustment Charge/Refund amount. If the Default Supplier terminates on March 31, the Final Adjustment Charge/Refund shall be calculated as the sum of the following, if applicable:
(1) Remaining E-Factor Charges, (2) Remaining Quarter [1] Adjustment,
(3) Remaining Quarter [2] Adjustment, and (4) Remaining Quarter [3] Adjustment.

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The value of each of the four elements of the Final Adjustment Charge/Refund shall be determined as follows:

(1) Remaining E-factor Charges

The remaining E-Factor Charge shall be the product of the E-Factor, in effect (exclusive of pipeline refunds and previous period recoveries) at the end of the contract term, multiplied by the normalized volumes for customers supplied by the default supplier at the contract termination dated for the months remaining in the E-Factor Cycle.

(2) Remaining Quarter [1] Adjustment

The remaining Quarter [1] Adjustment shall be the product of the most recent Quarter [1] Adjustment, for costs incurred by the Default Supplier during such quarter, multiplied by the normalized volumes for customers supplied by the default supplier of the contract termination date for the months remaining in the 12-month Quarter [1] Adjustment Cycle.

(C) Indicates Change

RATE SCHEDULE PTA
PILOT TRANSPORTATION/AGGREGATION SERVICE (Cont')

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O. Default Supplier Final Adjustment Charge/Refund (Cont')

(3) Remaining Quarter [2] Adjustment

The remaining Quarter [2] Adjustment shall be the product of the most recent Quarter [2] Adjustment, for costs incurred by the Default Supplier during such quarter, multiplied by the normalized volumes for customers supplied by the default supplier of the contract termination date for the months remaining in the 12-month Quarter [2] Adjustment Cycle.

(4) Remaining Quarter [3] Adjustment

The remaining Quarter [3] Adjustment shall be the product of the most recent Quarter [3] Adjustment, for costs incurred by the Default Supplier during such quarter, multiplied by the normalized volumes for customers supplied by the default supplier of the contract termination date for the months remaining in the 12-month Quarter [3] Adjustment Cycle.

If the Pilot Transportation/Aggregation Program is discontinued, the total Final Adjustment Charge/Refund amount shall be included in the "E" factor calculated for sales customers in the next 1307(f) proceeding.

If the Pilot Transportation/Aggregation Program is continued, but with a new default supplier, the Final Adjustment Charge/Refund amount shall be collected as follows:

The Final Adjustment Charge/Refund Amount collected from the new Default Supplier shall be the lesser of, (1) the Final Adjustment Charge/Refund amount, or (2) an amount equal to the product of (a) the ratio of normalized sales volumes for customers being served by the new default supplier to the normalized sales volumes for customers being supplied by the previous default supplier at the contract termination date, multiplied by (b) Final Adjustment Charge/Refund amount.

If the amount charged or refunded to the new default supplier is determined under Item (2) above, then the remaining Final Adjustment Charge/Refund amount shall be assigned to customers served by suppliers, other than the default supplier, and shall be recovered through a surcharge or a credit per Ccf to recover any Final Adjustment Charge/Refund amounts not charged or refunded to the new default supplier.

(C) Indicates Change

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE

APPLICABLE TO USE FOR

Service hereunder is available on or after April 1, 1999 to any qualified customer ("SATC Customer" or "Customer") that has enrolled to receive gas supply service from a qualified supplier under the Company's Small Aggregation Transportation Supplier Service ("SATS Supplier" or "Supplier"). Service is available under this Rate Schedule only if the Federal Energy Regulatory Commission grants a waiver of the requirement that the SATS Supplier must have title to capacity retained by the Company as provided under Rate Schedule SATS.

CHARACTER OF SERVICE

Through the procedures and provisions of this Small Aggregation Transportation rate schedule SATC Customers will contract for service with a SATS Supplier and be served by such Supplier for an established term ending at the SATC Customer's meter reading in April (April billing cycle). The enrollment period and service starting dates will be as specified in Rate Schedule SATS.

The Company will bill the SATC Customer for transportation services rendered by the Company for the SATC Customer.

Customers shall not participate in both the LIRA pilot and the Small Aggregation Transportation Customer Service program.

RATES AND CHARGES

A. Customer Transportation Service Rates

The Company will provide transportation services to deliver gas supplies to the SATC Customer(s). The Customer shall be billed the charges for the transportation services rendered for it at the appropriate charges provided herein for which service the SATC Customer qualifies.

The SATC Customer shall pay the following transportation charges for the transportation of gas. The commodity rates set forth below contain a component, presently \$0.09345 per Ccf, for the recovery of purchased gas demand costs and shall be adjusted pursuant to Rider A of the tariff. Such purchased gas costs collected through these rates shall be included as revenues for the recovery of purchased gas costs as specified in Rider A of this tariff. (I)

(I) Indicates Increase

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE (Cont.)

1. Residential Transportation Rates

SATC Customers that meet the qualifications under the Residential Service Rate Schedule classification:

Rates per Residential SATC Customer per Month:

\$11.10	Basic Service Charge	(I)
.29717	Per 100 cu. ft. for the first 5,000 cu. ft.	(I)
.24944	Per 100 cu. ft. for all Over 5,000 cu. ft.	

2. Commercial and Public Authority Transportation Rates

SATC Customers that meet the qualifications under the Commercial and Public Authority Service Rate Schedule classification:

a) Rates per Commercial/Public Authority customer per month for "Small" Commercial/Public Customers using not more than 250,000 cubic feet per year:

\$15.44	Basic Service Charge	(I)
.32808	per 100 cu. ft. for the first 5,000 cu. ft.	(I)
.31174	per 100 cu. ft. for all Over 5,000 cu. ft.	

b) Rates per Commercial/Public Authority customer per month for "Small" Commercial/Public Customers using greater than 250,000 cubic feet but not more than 1,000,000 cubic feet per year:

\$26.13	Basic Service Charge	(I)
.28600	per 100 cu. ft. for the first 20,000 cu. ft.	(I)
.27308	per 100 cu. ft. for all over 20,000 cu. ft.	

c) Rates per Commercial/Public Authority customer per month for "Large" Commercial/Public Customers:

\$121.13	Basic Service Charge	(I)
.20404	per 100 cu. ft. for the first 300,000 cu. ft.	(I)
.19099	per 100 cu. ft. for the next 1,700,000 cu. ft.	(I)
.17454	per 100 cu. ft. for all over 2,000,000 cu. ft.	

(I) Indicates Increase

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE (Cont.)

3. Small Volume Industrial Service Transportation Rates

SATC Customers that meet the qualifications under the Small Volume Industrial Service Rate Schedule classification:

Rates per Small Volume Industrial Service SATC Customer per Month:

\$65.08	Basic Service Charge	(I)
.28672	Per 100 cu. ft.	

4. Intermediate Volume Industrial Service Transportation Rates

SATC Customers that meet the qualifications under the Intermediate Volume Industrial Service Rate Schedule classification:

Rates per Intermediate Volume Industrial Service SATC Customer per Month:

\$142.50	Basic Service Charge	
.23393	per 100 cu. ft. for the first 100,000 cu. ft.	(I)
.19741	per 100 cu. ft. for the next 1,900,000 cu. ft.	(I)
.16880	per 100 cu. ft. for all over 2,000,000 cu. ft.	(I)

B. Miscellaneous Customer Surcharges

1. E-Factor Charges

For a period of 12 months starting when service hereunder is rendered to the SATC Customer by the SATS Suppliers, the rates for transportation services under this service classification shall include an amount per 100 cubic feet equal to the commodity "CE" factor included in the currently applicable Purchased Gas Commodity rate as specified in Rider A of this tariff and any portion of the Demand "DE" Factor included in the currently applicable Purchased Gas Demand rate as specified in Rider A of this tariff that is not included in the Customer Transportation Service Rates provided in Rates and Charges Section A of this tariff.

2. Transition costs associated with FERC Order No. 636. The rates for service rendered pursuant to the service classification shall be subject to a monthly transition cost surcharge as described in Rider G to this tariff.

(I) Indicates Increase

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE (Cont.)

(C)

3. Rider I Surcharge

The rates for service rendered pursuant to this service classification shall be subject to surcharges in accordance with the provisions of Rider I - Case R-942991 Inflation Adjustment Surcharge, as set forth in this tariff.

SPECIAL PROVISIONS

A. Qualified Suppliers

Customers under this service classification may only receive service from qualified SATS Suppliers. Such qualified SATS Suppliers are required, among other things, to meet the Consumer Protections requirements of the SATS Rate Schedule.

B. Termination of SATS Supplier

If the SATS Supplier serving the SATC Customer is terminated the SATC Customer shall be served by the Company under the appropriate sales service rate schedule for all services provided after the termination of the Supplier.

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE

(C)

APPLICABLE TO USE FOR

Service hereunder is available on or after April 1, 1999 to any supplier ("SATS Supplier" or "Supplier") which has obtained the consent and appointment of a group of at least 250 relevant customers or a group of relevant customers whose volumes total at least 30,000 Mcf on an annual basis ("SATC Customer(s)" or "SATC Customer Group"), and agrees to assume the primary responsibility for the gas supply obligations for that group of SATC Customers. Service is available under this Rate Schedule only if the Federal Energy Regulatory Commission grants a waiver of the requirement that the SATS Supplier must have title to capacity retained by the Company under Special Provision C.3. of this Rate Schedule.

CHARACTER OF SERVICE

Through the procedures and provisions of this Small Aggregated Transportation Supplier rate schedule qualified SATS Suppliers will contract for service with qualified SATC Customers and shall serve such SATC Customers for an established term ending at the conclusion of the SATC Customer's meter reading in April (April billing cycle).

The Company will bill the Supplier for aggregation services (including any purchases of Company gas) provided to the Supplier.

RATES AND CHARGES

A. Supplier Aggregation Charges

The SATS Supplier shall be billed the charges for the aggregation services rendered for it at the appropriate Supplier aggregation charges provided herein. A SATS Service Agreement will allow Suppliers under this service classification to aggregate supplies to serve individual qualified SATC residential customers and qualified SATC non-residential customers.

1. Aggregation Charge

The Company shall charge the SATS Supplier a monthly fee of \$0.010 per 100 cu. ft. of gas supplies aggregated by the Supplier based on the burner-tip consumption for its Customer Group.

(C) Indicates Change

Issued: March 3, 1999

Effective: March 4, 1999

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

2. Billing Service Charges

The Company will bill the SATC Customer for gas supplies sold by the Supplier to the Customer subject to the Supplier entering into a billing service contract with the Company. Payments made by the Customer under the billing service will be applied first to amounts to past service due under an amortization agreement with the Company, next to current bills due to the Company, next to gas supply charges owed to the Supplier, and lastly to charges for other services. The terms and charges for the Supplier billing services will be negotiated between the Company and the Supplier. The Company shall be under no obligation to provide the Supplier billing services if mutually agreeable terms and charges cannot be negotiated.

The Company, at its option, may purchase the accounts receivable from participating Suppliers at a discount to be negotiated with the Supplier. (c)

SPECIAL PROVISIONS

A. Gas Quality

Gas delivered by the Supplier must satisfy the quality specifications of the pipelines used to transport Supplier's gas. For deliveries to the Company, such deliveries must be made at an appropriate Company facility located within the Territory, as described in this tariff, or at another point or points acceptable to the Company.

B. Allowance for Losses

As allowance for losses incurred in the process of delivery, the Supplier shall provide the Company with a volume of gas equal to 3.25% of the amount delivered to the Company. In addition, for deliveries into Company capacity retained pursuant to Sections C.3. and C.5., Suppliers shall provide incremental quantities of gas equal to the amount of retainage required to transport gas from the receipt point into such Company retained capacity to the entry point to the Company's system ("City Gate").

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

C. Total Upstream Capacity Requirements for SATS Suppliers

SATS Suppliers shall be required to provide sufficient firm pipeline transportation and storage capacity to meet the estimated extreme day requirements of their SATC Customer groups as further described below.

Such sufficient pipeline transportation and storage capacity shall be provided through the following means:

1. Released ESS Storage Capacity and Associated EFT Capacity
 - a. Requirements To Be Met Through ESS Storage

52% of extreme peak day requirements shall be provided through the Company's ESS storage and associated EFT transportation capacity on NFGSC. Such NFGSC storage and transmission capacity shall be released to SATS Suppliers at the maximum rate under the pipeline's FERC gas tariff.

- b. Initial Assignment of ESS Storage Capacity

Each year, interested SATS Suppliers may request an initial assignment of storage capacity, based on the percentage set forth at C.1.a. above, to meet the Supplier's estimate of market share for the upcoming winter period. The request deadline for such assignments will be March 15 for an effective date of April 1. Fifteen days prior to the close of nominations for the month of November, the Company will reduce the quantity of storage capacity released to match the SATS Supplier's revised winter requirements based on the number of SATC Customers aggregated by the Supplier, to be effective November 1, and such capacity to be returned to the Company shall include an equal volume of storage gas. The Company shall compensate the SATS Supplier for such storage gas transferred at a price equal to the Company's lowest monthly weighted average commodity cost of gas delivered to the Company's City Gate during the previous storage injection period (April through October), plus applicable storage demand capacity charges since April 1 for such returned volumes. The SATS Supplier shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to the Company.

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

c. Additional Assignments of ESS Storage Capacity

If additional SATC Customers join a SATS Supplier's SATC Customer Group, or if a Supplier requests and the Company grants an assignment of storage capacity after the initial assignment period described at C.1.b. above, the Company will release additional capacity as required, based on the percentage set forth at C.1.a. above. In addition, the SATS Supplier will be required to pay the Company for storage gas transferred and all taxes and pipeline fees associated with moving or transferring the storage gas to the Supplier. The storage gas transfer rate shall be the sum of (1) the higher of the Company's fiscal year weighted average cost of gas (including all pipeline demand and storage costs), or the Market Price of gas for that day which shall be determined by reference to The Gas Daily Index, "Daily Price Survey" for "Appalachia," "CNG North Point," plus all transportation costs to the Company's City Gate, plus (2) the Demand Transfer Recovery Rate ("DTR rate"). The DTR rate shall equal the per Mcf System Average Unrecovered Demand Charge revenue beginning in the month of April through the initial month that storage capacity is released to the Supplier. The System Average Unrecovered Demand Charge Revenue shall equal the sum of the differences between the average demand charge revenues and the average fixed demand costs beginning the month of April through the initial month that storage capacity is released to the Supplier.

All revenues received from such storage gas transfers shall be credited as revenues for the recovery of purchased gas costs as specified in Rider A of this tariff.

Storage gas shall be transferred with released capacity as follows:

<u>Capacity Transfer Month Ending</u>	<u>Volumes of Storage Gas Transferred as a Percentage of Released Capacity</u>
April	14.29%
May	28.57%
June	42.86%
July	57.14%
August	71.43%
September	85.71%

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

d. Return of ESS Storage Capacity

(C)

If a SATS Supplier that has received released storage capacity in the prior year elects, effective April 1, to return storage capacity to the Company or a third party, the Supplier may either (1) transfer the remaining storage gas to a third party, subject to applicable pipeline requirements and charges; or (2) transfer the storage gas to the Company at the lesser of (a) 95% of the Company's lowest monthly weighted average commodity cost of gas during the previous storage injection period (April through October), plus associated variable transportation cost to NFGSC's City Gate; or (b) 95% of the Market Price of gas for that day which shall be determined by reference to the Gas Daily Index, "Daily Price Survey" for "Appalachia," "CNG North Point," plus associated variable transportation costs to the Company's City Gate. The SATS Supplier shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to the Company.

If a Supplier's SATS Agreement is canceled or terminated, the Company may recall ESS storage and associated EFT transmission capacity that has been released to the Supplier. The Company shall have the right but not the obligation to purchase the remaining storage gas at the lesser of (a) 95% of the Company's lowest monthly weighted average commodity cost of gas during the previous injection period (April through October), plus associated variable transportation costs to NFGSC's City Gate and a proportionate share of storage demand capacity charges on such volumes since April 1; or (b) 95% of the Market Price of gas for that day which shall be determined by reference to the Gas Daily Index, "Daily Price Survey" for "Appalachia," "CNG North Point," plus associated variable transportation costs to the Company's City Gate and proportionate storage demand capacity charges on such volumes since April 1. The SATS Supplier shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to the Company.

e. Required ESS Storage Inventory Levels

Suppliers will be required to follow a schedule set out by the Company such that the particular storage levels are obtained throughout the year, to assure the Supplier's SATC customers' needs are met by the Supplier.

In addition to meeting the City Gate balancing requirements set forth below, Suppliers must meet a minimum storage inventory level of 86% at September 30; 98% at October 31; 92% at November 30; a minimum inventory level of 80% at December 31; a minimum of 50% on January 31, a minimum of 22% on February 28 and a minimum of 17% on March 15. Any deficiency will be automatically adjusted by the Company to meet the required level. The Supplier will be charged per Mcf for such automatic adjustment at the higher \$7.00 per Mcf or the Market Price of gas for that day which shall be determined by reference to The Gas Daily Index, "Daily Price Survey" for "Appalachia", "CNG North Point", plus all transportation costs to the Company's City Gate.

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

(C)

e. Required ESS Storage Inventory Levels (Con't)

The Supplier shall be required to provide the Company with the permission necessary to allow the Company to obtain access to the Supplier's storage balance information to provide assurance of compliance with the monthly storage inventory requirements.

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

2. Released Transmission Capacity Not Included in SATC
Transportation Rates

(C)

23% of extreme peak day requirements is to be provided by the release of pipeline capacity upstream of NFGSC which is not included in transportation rates. All such capacity shall be released to SATS Suppliers, and SATS Suppliers shall take such released capacity, at the maximum rate under the pipeline's FERC gas tariff. To the extent that the actual demand cost per Dth of such upstream pipeline transmission capacity agreed to be released is greater than the Company's weighted average demand cost per Dth of upstream pipeline transmission capacity not included in transportation rates, the SATS Supplier shall receive a credit for such difference in capacity costs for the billing month. To the extent that the actual demand cost per Dth of such upstream pipeline transmission capacity agreed to be released is less than the Company's weighted average demand cost per Dth of the upstream pipeline transmission capacity not included in transportation rates, the Supplier shall be surcharged for such difference in capacity costs for the billing month. These credits and charges will be reflected in the Company's purchased gas cost rate under Rider A of this tariff. The actual pipeline capacity path upstream of NFGSC to be released to the Supplier by the Company shall be designated by the Company from its available capacity. The Company will attempt to accommodate a Supplier's request for particular capacity on a first-come first-serve basis.

For capacity termination notices which occur after January 1, 1999, prior to the termination notice date of any capacity contract in this Section C.2., the Company will hold a collaborative session with all interested qualified Suppliers under this tariff to determine if the Company should terminate, renew, or replace such contract, in whole or in part. The Company will agree to terminate a proportionate share of the capacity contract if: (1) Suppliers demonstrate that they will provide comparable firm capacity to serve the Company's core customers, and (2) the Suppliers agree to assign such comparable capacity at the contracted price to the Company upon Company request if such capacity is required to meet supply requirements of SATC Customers due to the termination of the SATS Supplier pursuant to section H.1 or if the Supplier has reduced the level of delivery requirements from the previous periods requirements. Comparable capacity must have firm rights for at least the seven (7) winter months, and such capacity must have primary delivery rights into available primary receipt rights on NFGSC held by the Company.

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

(C)

If the Company terminates capacity included in this Section C.2., the requirement to take released capacity pursuant to this Section C.2. shall be adjusted downward for the Supplier that replaces the terminated capacity to reflect such termination. Corresponding changes will be made in Section C.4.

3. Capacity Upstream of NFGSC Included in Transportation Rates

25% of extreme peak day requirements is to be provided by a SATS Supplier's maximum daily delivery into allocated upstream pipeline receipt points which the Company has retained ("Company Retained Upstream Capacity") and the cost of which capacity is included in transportation rates. The actual pipeline point upstream of NFGSC to be made available to the Supplier by the Company shall be designated by the Company. The Company will respond to requests for particular capacity and receipt points on a first-come first-serve basis and will reallocate capacity each April.

4. SATS Supplier Provided Capacity

0% of the extreme peak day requirements is to be provided by a SATS Supplier's own firm capacity. The percentage provided by SATS Supplier's own firm capacity is subject to increases if the Company terminates capacity as specified in Section C.2. The Supplier shall assign such SATS Supplier capacity to the Company upon Company request if such capacity is required to meet supply requirements of SATC Customers due to the termination of the SATS Supplier pursuant to section H.1 or if the Supplier has reduced the level of delivery requirements from the previous period requirements.

5. NFGSC Capacity Included in Transportation Rates

The Company will deliver all upstream pipeline deliveries associated with Special Provisions Sections C.2, C.3, and C.4 above through the NFGSC EFT capacity retained by the Company and included in transportation rates.

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

D. City Gate Balancing

(C)

1. Determination of Daily Delivery Quantities and Aggregate Daily Delivery Quantities

The Company, based upon each SATC Customer's historical load profile and/or estimates of consumption as applied to any forecasted weather, shall determine a SATS Supplier's SATC Customer's projected weather normalized consumption for a given period; either monthly, weekly, or daily. Based upon this projected consumption, the Company will determine each SATC Customer's Daily Delivery Quantity (DDQ) and the Company will also determine the Supplier's SATC Customer Group's Aggregate Daily Delivery Quantity (ADDQ) by summing all DDQs of the SATC Customers in the Supplier's SATC Customer Group. The DDQs and ADDQ so calculated will be used to determine the Supplier's daily delivery obligations at the Company City Gate. The DDQs and ADDQs shall also be used to determine the specific rates and charges as outlined in this rate schedule.

A SATS Supplier taking service under this rate schedule accepts the Company's calculation of the DDQ and/or ADDQ. The Company shall not be liable for the difference between the projected consumption and the consumption determination by the Company.

2. Delivery Requirements

Deliveries of natural gas at the City Gate under this rate schedule both from direct deliveries at the City Gate under Special Provisions Section C.1. and as a result of deliveries to upstream pipeline transfer points made under Special Provisions Sections C.2., C.3, and C.4. shall be made to meet the DDQs for all customers in a SATS Supplier's SATC Customer Group (the ADDQ) within a tolerance band described below. The Company will deliver to each individual SATC Customer the Customer's requirements.

To the extent the Supplier's City Gate deliveries differ from the ADDQ provided to the Supplier by the Company then a City Gate Imbalance shall occur ("Imbalance") and charges for such Imbalance will be incurred as described below.

The Company is not obligated to accept any quantities nominated by Supplier in excess of its SATC Customer Group's ADDQ.

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

(C)

3. City Gate Imbalance Charges

For City Gate deliveries by the SATS Supplier that differ from the applicable ADDQ, the Supplier will incur the following charges:

a. Charges for Daily City Gate Underdeliveries:

i. For Daily City Gate underdeliveries up to or equal to (2) percent of the applicable ADDQ, there will be no charge.

ii. For Daily City Gate underdeliveries in excess of two(2) percent of the applicable ADDQ during the Summer Period (April through October), the charge for the gas supplied by the Company to make up for the underdeliveries shall be equal to the higher of \$7.00 per Dth or 110% of the Market Price of gas for that day which shall be determined by references in The Gas Daily Index, "Daily Price Survey" for "Appalachia", "CNG North Point".

iii. For Daily City Gate underdeliveries in excess of two(2) percent of the applicable ADDQ during the Winter Period (November through March), the charge for the gas supplied by the Company to make up for the underdeliveries shall be equal to the higher of \$10.00 per Dth or 110% of the Market Price of gas for that day which shall be determined by references in The Gas Daily Index, "Daily Price Survey" for "Appalachia", "CNG North Point".

iv. During OFO periods, the charges described in Section G herein shall apply in addition to those charges specified in this Section D.3.

b. Charges for Daily City Gate Overdeliveries

There shall be no charges for Daily City Gate overdeliveries of up to two(2) percent of the applicable ADDQ, however, any such overdeliveries in excess of two(2) percent of the applicable ADDQ may be rejected by the Company in its sole discretion.

E. Burner Tip Imbalances

1. Aggregation of Customer Burner Tip Imbalance

For the SATC customers included in the SATS Supplier's SATC Customer Group, the Company will net all the imbalances for which the Supplier is responsible pursuant to this rate schedule into a single imbalance ("SATS Imbalance").

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

2. Resolution of Burner Tip Imbalances

(C)

The Company will resolve burnertip imbalances through either a rollover to subsequent months or a cash-out. Unless the Supplier elects the rollover option, the default method of burnertip imbalances resolution will be cash-out.

a. Rollover Option

At the close of the billing month, the Company will calculate the SATS Imbalance, as described above, for each SATC Customer Group. The Company shall adjust the applicable ADDQ for the next following month that operating conditions permit, upward to reconcile a net deficiency in the billing month, or downward to reconcile a net surplus in the billing month.

b. Cash Out Option

i. Burner Tip Imbalances Resulting in Net Overdelivery

For SATS Imbalances which result in a net overdelivery of volumes of gas for a SATC Customer Group during the month, the Company shall have the right to purchase, without further notice, the amount of overdelivery at a rate equal to the lowest commodity price the Company offers to pay for monthly spot purchases of gas produced directly into the Company's system.

ii. Burner Tip Imbalances Resulting in Net Underdelivery

For SATS Imbalances which result in a net underdelivery of volumes of gas for a SATC Customer Group during the month, the Company shall charge the Supplier for the gas supplied by the Company to make up for the underdeliveries a charge equal to the higher of \$7.00 per Dth or 110% of the Market Price of gas for that day which shall be determined by references in The Gas Daily Index, "Daily Price Survey" for "Appalachia", "CNG North Point".

F. System Maintenance Order ("SMO")

1. Issuance of SMOs

The Company shall issue System Maintenance Orders from time to time which assure that gas is flowing to the City Gate where and when needed. Such SMOs shall include but not be limited to orders to deliver gas at any or all of the points obtained by or allocated to Suppliers in Special Provisions Section 3 above, to deliver gas at particular primary points into NFGSC, or into the particular primary points of the Company Retained Upstream Capacity, as well as orders to deliver additional gas to or from storage. Should SATS Suppliers fail to comply with such SMOs then the Company shall issue OFOs as described below.

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

2. Communication of SMOs

(C)

SMOs will be communicated to the Supplier through the Company's electronic communications facilities ("ECF") with four hours advanced notice. Such notice will be supplemented by the use of internet E-mail notification to a Supplier's Internet address.

G. Operational Flow Order ("OFO")

1. Issuance of OFOs

The Company reserves the right to issue Operational Flow Orders as necessary to preserve the operational integrity of its system. Such OFOs may include, but shall not be limited to the following: a requirement to flow gas to or from storage on NFGSC, and a requirement to flow gas to the Supplier's primary receipt points on NFGSC.

2. Charges for Violation of OFOs

In addition to all other charges due the Company, any gas not delivered by SATS Supplier in violation of any OFO issued under this Section G may be assessed a charge of the higher of \$25 per Dth or the Market Price of gas for that day which shall be determined by references in The Index, "Daily Price Survey" for "Appalachia", "CNG North Point".

3. Communication of OFOs

OFOs will be communicated to the Supplier through the Company's ECF with four hours advanced notice. Such notice will be supplemented by the use of internet E-mail notification to a Supplier's Internet address.

H. Termination of Service for Failure to Deliver Daily Quantity

1. The Company shall have the right to terminate service under this rate schedule to any Supplier that fails for any three (3) days to deliver at least ninety (90) percent of the applicable ADDQ for the Supplier's SATC Customer Group, measured during a single thirty-day period ("Terminated Supplier"). The Terminated Supplier, at the Company's option, may be prohibited from receiving service under this rate schedule for the greater of 6 months or until such time as another Enrollment Period as defined in Section J.1. is established by the Company. Such Terminated Supplier's SATC Customers will be served by the Company with the obligation that the gas supplies in storage and the capacity reserved for those customers shall be transferred to the Company through sale and recall as follows:

(C) Indicates Change

Issued: March 3, 1999

Effective: March 4, 1999

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

a. Upon notice by the Company to the Terminated Supplier, the Company at its option may recall the capacity that it has released to the Terminated Supplier; and or require release of the Supplier's capacity as provided under Section C.4. (C)

b. Inventory remaining in storage shall be sold to the Company at a price equal to the Company's lowest monthly weighted average commodity cost experienced over the last twelve months.

c. The Terminated Supplier shall be responsible for any and all fees and taxes associated with moving or transferring the storage inventory to the Company.

d. Any failure to comply with the provisions under Sections H.1.a., H.1.b., H.1.c., and C.4. will result in the permanent ineligibility to receive service under this rate schedule.

e. Supplier's SATC customers may be notified by the Company as to the impending transfer to Company service, together with a statement that the transfer is the result of the Supplier's failure to perform as required. The Company shall recover the cost of such notice from the Supplier by either, (1) adjusting the inventory sales price described in Section H.1.b., or (2) drawing down the Supplier's security deposit (or other security instrument).

I. Supplier Qualification Criteria

1. Service under this rate schedule is contingent upon the SATS Supplier meeting the Company's creditworthiness standards. Applicants for service hereunder will be required to complete a Credit Application for evaluation by the Company based on the criteria set forth in this tariff. The results of the creditworthiness checks performed by the Company will be communicated to the applicant within two weeks of the Company's receipt of the properly completed application.

2. The SATS Supplier's application shall include a description of the SATS Supplier's operational capability for meeting the requirements of its SATC Customer Group. The Company shall then make a determination as to whether this capability is sufficient.

3. SATS Suppliers shall also describe in the application the means by which they will handle marketing and billing for 250 or more customers. Alternatively, SATS Suppliers may identify a third party and describe how such party will handle such tasks. The Company shall then make a determination as to whether this capacity is sufficient.

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

4. SATS Suppliers shall include with their application payment of a non-refundable \$500 fee. (C)

5. SATS Suppliers shall also include with their application a copy of their intended pro forma contract for their prospective SATC Customers (minus confidential pricing provisions) demonstrating inclusion of the provisions set out in Section K herein.

J. SATS Supplier Obligations

1. Suppliers may enroll customers for service commencing with the SATC Customer's meter reading in any month of April through September which corresponds to the billing months of May through October ("Enrollment Period"). Service to the SATC Customer shall begin at the start of the customer's billing cycle after enrollment confirmation has been provided by the Company.

2. Once qualified, SATS Suppliers will be obligated to notify the Company on a weekly basis during the Enrollment Period of those customers enrolled in the Suppliers' SATC Customer Groups. Enrollments will not be accepted after September 15 of each year.

3. Enrollment shall occur electronically, however, each SATS Supplier will be obligated to keep on file written evidence of each customer's enrollment with that Supplier, which evidence shall be available for Company review at any time, upon 24 hours' notice. The Company will provide the SATC Customer with a letter confirming enrollment, if the Customer notifies the Company within 10 days of issuance of the confirmation letter that the Customer does not wish to be served by the SATS Supplier, the enrollment for the Customer will be rescinded.

4. To the extent a SATS Supplier's SATC Customer at any time is not served any longer by that SATS Supplier and is then the responsibility of the Company, effective upon the transfer of that customer to the Company, the Company shall have the option to recall capacity released to the Supplier under Special Provisions Section C.1 and C.2 or require assignment of capacity under Special Provisions Section C.4.

5. SATS Suppliers agree to abide by any other specific requirements in the Company's Aggregation Application as such is approved by the Public Utility Commission.

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

K. Consumer Protections

In addition to satisfying the criteria set out in Sections I and J above, (C)
SATS Suppliers seeking to obtain service hereunder to sell gas to customers
must demonstrate to the Company that they will meet the following requirements:

1. Contracts between SATS Suppliers and residential SATC Customers
will contain specific language advising customers that the following consumer
protections (Sections K.2.-5.) will be provided by the Supplier.

2. The SATS Supplier has established a dispute resolution process
satisfactory to the Company. Questions or complaints received by the Company
will be processed to determine the nature of the dispute, and then forwarded as
appropriate to the SATS Supplier. The Company shall provide the Commission's
Competition Hotline phone number to each SATC Customer who has submitted a
question or complaint concerning the SATS Supplier.

3. The bills rendered by the SATS Supplier will be clear and in plain
language and shall meet the billing information requirements of Chapter 56 of
the Commission's regulations, including the requirement that bills contain a
statement directing the customer to "register any question or complaint about
the bill prior to the due date," with the Company telephone number where the
customer may initiate the inquiry or complaint. The Supplier shall submit a
sample bill to the Company.

4. The SATS Supplier shall provide SATC Customers with minimum payment
periods required by the Commission's regulations; i.e. residential customers
shall have 20 days to pay and commercial customers shall have 15 days. If a
customer fails to pay by the due date, the Supplier shall notify the SATC
Customer by mail that failure to pay will result in transfer to the Company in
15 days, whereupon the Company has the ability to terminate service for non-
payment in accordance with the Commission's regulations.

5. Procedures are in place to ensure residential SATC Customers
receive adequate prior notice of termination of gas supply services. The
procedures must provide that notifications be sent to the residential SATC
Customer(s) and to the Company at least 15 days before discontinuation of
supply service to allow residential SATC Customers the opportunity to pay the
overdue bill. Customers will only be transferred from a Supplier to the
Company upon the "Control Date" for such customer, as such is established by
the Company.

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

L. SATS Service Agreement

The initial term of the SATS Service Agreement between the Company and the SATS Supplier shall be for a period ending March 31, 2000 and renewable annually for successive one-year terms unless canceled by default of any terms or conditions hereof, or by the Company or the Supplier on sixty (60) days written notice prior to the end of a term, or otherwise by mutual agreement. A SACS Customer shall be obligated to contract with Suppliers for terms ending with the customer's April billing cycle. Notice for termination of such contracts shall be a matter to be determined by the SATS Supplier and SACS Customer. (C)

M. Force Majeure

SATS Supplier will be excused from delivering the required daily quantity of supply on any given day for Force Majeure events which directly and substantially affect a SACS Supplier's natural gas deliveries to the Company and for which alternate supply arrangements cannot be obtained by SACS Supplier or, if the SACS Supplier is unsuccessful in obtaining alternate supplies, for which the Company cannot obtain supplies on behalf of the SACS Supplier. For supplies provided by the Company, the SACS Supplier shall be charged the higher of 125% of the Residential purchased gas cost (commodity and demand) identified in Rider A or the highest price reported in the "Appalachia", "CNG North Point" index of the Gas Daily "Daily Price Survey" for each day such alternate supplies are delivered on behalf of SACS Supplier. For purposes of this rate schedule, a Force Majeure event will be any failure of the final pipeline delivering gas to the Company or an upstream pipeline feeding such pipeline, with such failure having been classified as a Force Majeure event pursuant to the terms of that pipeline's Federal Energy Regulatory Commission approved tariff. The advent of the Year 2000 or any leap year, and any events or disruptions related to the advent of the Year 2000 or any leap year, shall not constitute a "Force Majeure" event or otherwise be treated as force majeure. A Force Majeure event that curtails the SACS Supplier's assigned firm transportation service on an upstream pipeline that ultimately feeds a downstream pipeline, which directly and substantially affects a SACS Supplier's natural gas deliveries to the Company, and for which no alternative supplies are available from the Company or other sources will excuse a SACS Supplier from performing pursuant to this rate schedule to the extent of such curtailment. If at such time the SACS Supplier is delivering gas to other customers on the same interstate pipeline system, the volume excused from performance on the Company's system will be no more than a proportionate amount of the affected deliveries curtailed by the Force Majeure event. The SACS Supplier is responsible for supplying complete information and verifiable proof of all the particulars requested by the Company related to any such Force Majeure exclusion.

(C) Indicates Change

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

In order to validate a claim of Force Majeure, the SATS Supplier must have a firm, non-interruptible service with the affected pipeline that is covered by the Force Majeure event and must be willing to present such agreements to the Company. (C)

Volumes not delivered pursuant to this Special Provision must be made up by SATS Supplier as soon as possible at a delivery rate to be established by the Company. Any curtailed volumes which are not made-up within thirty (30) days will be sold to SATS Supplier at a rate of \$10.00 per Mcf.

N. Title to Gas

Supplier warrants that, at the time of delivery of gas to the Company's City Gate or at the receipt point in to the Company Retained Upstream Capacity pursuant to Special Provisions Section C.3. and for deliveries of supply associated with Special Provisions Sections C.2. and C.4., Supplier or Customer shall have good title to deliver all volumes made available.

O. Control and Possession

After Supplier delivers gas or causes gas to be delivered to the Company, the Company shall be deemed to be in control and possession of the gas until it is redelivered to the Customer at Customer's meter.

P. 24 Hour Availability

Supplier shall include on the SATS Service Agreement a phone number by which Supplier can be reached on a twenty-four (24) hour basis.

Q. Nominations of Supplies

For deliveries into Company Retained Upstream Pipeline Capacity pursuant to Section C.3. and for deliveries of Supply associated with Sections C.2 and C.4, Supplier shall notify the Company through the Company's ECF one hour in advance of the deadline the Company has to submit nominations to upstream transporters of any and all information required by upstream transporters to nominate, confirm, and schedule gas on their facilities.

(C) Indicates Change

RIDER A
SECTION 1307(f) PURCHASED GAS COSTS
PROVISION FOR RECOVERY OF PURCHASED GAS COSTS

Rates for each Mcf (1,000 cubic feet) of gas supplied under Residential, Low Income Residential Assistance Service, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial, Large Volume Industrial LBS and Natural Gas Vehicle Service rate schedules of this tariff, shall include \$2.6788 per Mcf for recovery of purchased gas commodity costs, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. (D)

Rates for each Mcf (1,000 cubic feet) of gas supplied under Residential, Commercial and Public Authority, Small Volume Industrial Service, Intermediate Volume Industrial, Large Volume Industrial Service, Large Industrial Service and Standby Service rate schedules of this tariff, shall include \$1.8607 per Mcf for recovery of purchased gas demand costs, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. (I)

Rates for each Mcf (1,000 cubic feet) of gas transported under the Small Aggregation Transportation Customer Rate Schedule shall include \$0.9345 per Mcf for the recovery of purchased gas demand costs.

Such rates for gas 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 purchased gas costs.

The amounts per Mcf for recovery of purchased gas costs (commodity and demand) and related gross receipts tax included in rates under each rate schedule of the tariff are as follows:

Residential	\$4.5395	(D)
Low Income Residential Assistance Service	\$4.5395	(D)
Commercial and Public Authority	\$4.5395	(D)
Small Volume Industrial	\$4.5395	(D)
Intermediate Volume Industrial	\$4.5395	(D)
Large Volume Industrial	\$4.5395	(D)
Large Industrial	\$4.5395	(D)
Standby	\$0.4206	(D)
Priority Standby	\$0.8678	(D)
Small Aggregation Transportation Customer Rate Schedule	\$0.9345	(I)

COMPUTATION OF PURCHASED GAS COMMODITY COSTS PER MCF

Purchased gas commodity costs, per Mcf, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$PGCC = \frac{(CC - CE)}{(S)} \div (1-T)$$

(D) Indicates Decrease
(I) Indicates Increase

Purchased gas commodity costs, so computed, shall be included in rates charged to customers for gas service under the Residential, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial and Large Volume Industrial LBS Service rate schedules for an initial period determined by the Commission and for consecutive twelve month periods beginning August 1 of each year thereafter, unless such period is revised by the Commission. The amount of purchased gas commodity 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 purchased gas commodity costs, per Mcf, pursuant to the formula, above, the following definitions shall apply:

"PGCC" - purchased gas commodity costs determined to the nearest one-hundredth cent (0.01¢) to be included in rates for each Mcf of gas supplied under Residential, Low Income Residential Assistance Service, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial, Large Volume Industrial LBS and Natural Gas Vehicle Service rate schedules of this tariff.

"CC" - the estimated current commodity cost of gas, determined as follows: (a) for all type of purchased gas, project the commodity cost for each purchase (adjusted for net current gas stored) for the projected period when rates will be in effect plus (b) the arithmetical sum of (1) the projected book value of noncurrent gas at the beginning of the computation year minus (2) the projected book value of noncurrent gas at the end of the computation year. This factor shall include no amount for purchased gas demand or winter requirement charges of an interstate pipeline company.

"CE" - experienced net overcollection or undercollection of purchased gas commodity costs. For the initial filing, pursuant to 1307(f) of the Public Utility Code, in order to achieve an orderly transition from Gas Cost Rate procedures to Section 1307(f) procedures, such experienced net overcollection or undercollection, to be reflected in rates effective September 1, 1985, shall be the net overcollection or undercollection arising under the Gas Cost Rate procedure. The amount of such net overcollection or undercollection shall include the historic net amount as of March 31, 1985 together with the projected net overcollection or undercollection for the five-month period ending August 31, 1985. (C)

After the transition from the Gas Cost Rate procedures, established pursuant to the Commission's order of October 1, 1978 at M-78050055, (52 Pa P.U.C. 217) as amended, to procedures established pursuant to Section 1307(f) of the Public Utility Code, such experienced 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 over-under collection calculation reflected in rates.

The annual filing date shall be the date specified by the Company's Section 1307(f) tariff filing and not the date established by the Commission for pre-filing of certain information pursuant to 52 Pa. Code Sections 53.64(b)(1) and 53.65.

Supplier commodity refunds received will be included in the calculation of "CE" with interest added at the annual rate of six percent (6%) calculated from the month received to the effective month such refund is refunded. (C)

(C) Indicates Change

"S" - projected Mcf of gas to be billed to customers under the commodity charges of the Residential, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial and Large Volume Industrial LBS Service rate schedules of this tariff during the period when rates will be in effect.

"T" - base-rate portion of Gross Receipts Tax.

COMPUTATION OF PURCHASED GAS DEMAND COSTS PER MCF OF GAS SUPPLIED UNDER THE RESIDENTIAL, COMMERCIAL AND PUBLIC AUTHORITY, SMALL VOLUME INDUSTRIAL, INTERMEDIATE VOLUME INDUSTRIAL, LARGE VOLUME INDUSTRIAL, LARGE INDUSTRIAL AND STANDBY SERVICE RATE SCHEDULES

Purchased gas demand costs, per Mcf, to be included in rates under Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial, Large Industrial and Standby rate schedules shall be computed to the nearest one-hundredth cent (0.01c), in accordance with the formula set forth below:

$$PGDC = \left(\frac{(DC)}{(S - (SBS))} + \frac{DE}{(S + SATCV - SBS)} \right) \times \frac{1}{(1-t)} \quad (C)$$

Purchased gas demand costs, so computed, shall be included in the rates charged to customers for gas service, pursuant to the Residential, Commercial and Public Authority, Small Volume Industrial Service, Intermediate Volume Industrial Service, Large Volume Industrial Service, Large Industrial Service and Standby Service rate schedules, for an initial period determined by the Commission and for consecutive twelve-month periods beginning August 1 of each year thereafter unless such period is revised by the Commission. The amount of purchased gas demand 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 purchased gas demand costs, per Mcf, pursuant to the formula, above, the following definitions shall apply:

"PGDC" - purchased gas demand costs determined to the nearest one-hundredth cent (0.01c) to be included in rates for each Mcf of gas supplied under Residential, Commercial and Public Authority, Small Volume Industrial Service, Intermediate Volume Industrial Service, Large Volume Industrial Service, Large Industrial Service and Standby Service rate schedules of this tariff.

"DC" - the estimated current demand cost of gas, determined by projecting, for all types of purchased gas, the total demand and winter-requirement charges from any interstate pipeline company or any other source of gas supply purchased by the Company for the projected period when rates will be in effect less projected current purchased gas demand cost revenue recovered through Small Aggregation Transportation Customer Service Rates. (C)

"DE" - experienced net overcollection or undercollection of purchased gas demand costs. For the initial filing, pursuant to 1307(f) of the Public Utility Code, in order to achieve an orderly transition from Gas Cost Rate procedures to Section 1307(f) procedures, such experienced net overcollection or undercollection, to be reflected in rates effective September 1, 1985, shall be the net overcollection or undercollection arising under the Gas Cost Rate procedure. The amount of such net overcollection or undercollection shall include the historic net amount as of March 31, 1985 together with the projected net overcollection or undercollection for the five-month period ending August 31, 1985.

(C) Indicates Change

After the transition from the Gas Cost Rate procedures, established pursuant to the Commission's order of October 1, 1978 at M-78050055, (52 Pa P.U.C. 217) as amended, to procedures established pursuant to Section 1307(f) of the Public Utility Code, such experienced 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 over-under collection calculation reflected in rates.

The annual filing date shall be the date specified by the Company's Section 1307(f) tariff filing and not the date established by the Commission for pre-filing of certain information pursuant to 52 Pa. Code Sections 53.64(b)(1) and 53.65.

Supplier demand refunds received will be included in the calculation of "DE" with interest added at the annual rate of six percent (6%) calculated from the month received to the effective month such refund is refunded.

"S" - projected Mcf to be billed to customers during the projected period under the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Industrial and Large Volume Industrial Service rate schedules.

"SATCV" - projected Mcf to be transported to customers during the projected period under the Small Aggregation and Transportation Rate Schedule.

"SBS" - projected Mcf volume to be billed to customers during the projected period under the Standby Service rate schedule.

"T" - base-rate portion of Gross Receipts Tax.

COMPUTATION OF PURCHASED GAS DEMAND COSTS PER MCF OF GAS TRANSPORTED UNDER THE RATE SCHEDULE SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE

Purchased gas demand costs transportation, per Mcf, to be included in rates under the Rate Schedule Small Aggregation Transportation Customer Service shall be computed to the nearest one-hundredth cent (0.01c), in accordance with the formula set forth below:

$$PGDCT = \frac{(DCT + DE)}{(S + SATCV) - (SBS)}$$

"DCT" - the estimated current demand cost of gas, determined by projecting, for all types of demand purchased gas capacity costs included in Small Aggregation Transportation Customer Service Rates, the total usage, demand and winter-requirement charges from any interstate pipeline company or any other source of gas supply purchased by the Company for the projected period when rates will be in effect.

"DE" - experienced net overcollection or undercollection of purchased gas demand costs. Such experienced 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 over-under collection calculation reflected in rates.

The annual filing date shall be the date specified by the Company's Section 1307(f) tariff filing and not the date established by the Commission for pre-filing of certain information pursuant to 52 Pa. Code Sections 53.64(b)(1) and 53.65.

(C) Indicates Change

Supplier demand refunds received will be included in the calculation of "DE" with interest added at the annual rate of six percent (6%) calculated from the month received to the effective month such refund is refunded.

"S" - projected Mcf to be billed to customers during the projected period under the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Industrial and Large Volume Industrial Service rate schedules. (C)

"SATCV" - projected Mcf to be transported to customers during the projected period under the Small Aggregation and Transportation Rate Schedule.

"SBS" - projected Mcf volume to be billed to customers during the projected period under the Standby Service rate schedule.

DETERMINATION OF OVER/UNDERCOLLECTION OF GAS COSTS

The Company shall determine separate commodity cost and demand cost over/undercollections. In computing the experienced over/undercollection of purchased gas demand and commodity costs for a period defined by the Commission, the following procedure shall be used:

- (a) All experienced purchased gas costs, actually incurred by the Company to serve customers pursuant to all rate schedules of this tariff shall be included as costs of purchased gas and shall be identified as demand or commodity costs;
- (b) The following amount shall be included as purchased gas commodity or purchased gas demand revenues for recovery of gas costs: (C)
 - (1) An amount determined by multiplying commodity volumes billed under the Residential, Low Income Residential Assistance Service, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial, Large Volume Industrial LBS and Natural Gas Vehicle rate schedules, for the applicable over/undercollection period, times the PGCC component excluding E Factor, and excluding Gross Receipts Tax; plus
 - (2) An amount determined by multiplying commodity volumes billed under the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial rate schedules for the applicable over/undercollection period, times the PGDC charge as determined under this rider excluding Gross Receipts Tax; plus
 - (3) An amount determined by multiplying demand volumes billed under Rate Schedule SB to LVIS and LIS customers times the PGDC charge excluding Gross Receipts Tax; plus

(C) Indicates Change

- (4) An amount determined by multiplying gas billing demand units ("Gas BDU") billed under the Commercial and Public Authority (C) Load Balancing Service ("LBS"), Intermediate Volume Industrial LBS, Large Industrial LBS and Large Volume Industrial LBS rate schedules, for the applicable over/undercollection period, times the Rate Per Gas BDU applicable to customers under the LBS rate schedules.
- (5) An amount determined by multiplying commodity volumes billed under the rate schedule for Natural Gas Vehicle Service for the applicable over/under collection period, times the applicable rate applicable to customers under the new Rate Schedule.
- (6) An amount equal to all actual purchased gas costs recovered under the rate schedule Monthly Metered Transportation Service plus an additional amount equal to the amount of purchased gas costs that would have been recovered from customers served under the rate schedule for Daily Metered Transportation Service if they had been served under the rate schedule for Monthly Metered Transportation Service. In computing revenues for recovery of purchased gas costs under this item (6), any adjustment to rates under Special Provision L. of the Rate Schedule for Monthly Metered Transportation Service will be eliminated from the calculation.
- (7) An amount determined by multiplying the volume expressed in Mcf of gas transported under any Load Balancing Service rate schedule times the portion of the Commodity Rate for recovery of purchased gas costs.
- (8) An amount equal to seventy percent of the revenues before income taxes from off-system sales over the monthly average commodity cost of gas plus variable transportation costs to deliver the gas to the off-system customer. The monthly average commodity cost of gas shall be defined as the monthly average commodity cost of gas purchases for all supplies scheduled at the beginning of the month; provided, however, that, if an additional unscheduled purchase is made during the month specifically for an off-system sale, such purchase shall be considered to be the gas used to make the off-system sale and the commodity cost of such purchase will be assigned to off-system sales up to the volume of the purchase. Off-system sales for 30-day nonrefundable sales commencing on the first of the month shall be treated as specific purchase sales for determining the cost of gas assigned to the sale. Gas will not be withdrawn from storage to make off-system sales, and the prices charged for off-system sales will not reflect the price attributable to gas withdrawn from storage. Any remaining off-system sale not covered by such unscheduled purchase(s) shall be assigned a gas cost equal to the monthly average commodity cost of scheduled purchases.

(C) Indicates Change

- (9) An amount equal to the revenues generated from the release of pipeline transmission and storage capacity to Suppliers under Rate Schedule PTA, including any capacity credits or surcharges.
- (10) An amount determined by multiplying volumes billed under the Small Aggregation Transportation Service rate schedule times the PGDCT charge recovered through rates under rate schedule Small Aggregation Transportation Customer Service. (C)
- (11) Credits obtained from releasing National Fuel Gas Supply Corporation's EFT capacity in excess of 40,271 Mcf on any day shall be credited to sales customers. (C)
- (12) For the twelve month period ending July 31, 2000, the Company will credit the first \$135,000 of actual revenues from actual EFT releases and overdelivery charges to Pennsylvania Transportation customers to sales customers. The Company will credit the next \$1,242,000 to the MMT E-Factor. If revenues from such EFT releases and overdelivery charges exceed \$1,377,000 the Company shall credit the next \$135,000 to sales customers. Any remaining amount of such EFT releases and overdelivery charges in excess of \$1,512,000 shall be credited to the MMT E-factor.

Interest shall be computed monthly at the appropriate rate provided for in Section 1307(f)(5) of the Public Utility Code from the month that the over or under-collection occurs to the effective month such overcollection is refunded. Customers shall not be liable for interest on net undercollections. (C)

QUARTERLY UPDATES

The Company's rates for recovery of purchased gas costs will be subject to quarterly adjustments under procedures set forth in the Commission's regulations at 52.Pa. Code § 53.64(i)(5). Such updates will reflect, in addition to data specified in the regulation, changes in the projected commodity cost of purchased gas based upon the same sources of data and methods used to project the commodity cost of purchased gas approved by the Commission in the Company's most recent annual proceeding for recovery of purchased gas costs under Section 1307(f) of the Public Utility Code.

(C) Indicates Change

ADJUSTMENT OF "CE" and "DE" FACTOR AMOUNTS

Each 1307(f) rate shall also provide for refund or recovery of amounts necessary to adjust for over or underrecoveries of "CE" and "DE" factor amounts included in prior 1307(f) rates. In computing the amount to be included for over or undercollection of "CE" and "DE" factor amounts, the amount recovered for "CE" and "DE" factor amounts under the prior 1307(f) rate shall be determined by multiplying the commodity volumes billed under the Residential, Low Income Residential Assistance Service, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial, Large Volume Industrial LBS, and Natural Gas Vehicle Service rate schedules during the applicable 1307(f) period times the portions of the PGCC and PGDC component that provide for recovery of "CE" and "DE" factor amounts, and adding to that product, the amount recovered from Small Aggregation Transportation Customer Service customers for "DE" factor amounts under the prior 1307(f) rate which shall be determined by multiplying the commodity volumes billed under the Small Aggregation Transportation Customer Service rate schedules during the applicable 1307(f) period times the PGDC component that provides for recovery of "DE" factor amounts under the Small Aggregation Transportation Customer Service. Amounts recovered shall also include amounts charged to the PTA customers for the 1 year period following transfer to Rate Schedule PTA.

If the Pilot Transportation/Aggregation Program is discontinued, the next 1307(f) proceeding shall include in the "DE" factor the total Final Adjustment Charge/Refund amount.

RIDER B

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, a surcharge of (0.10%) will apply to all charges for service rendered on or after September 29, 1999. (D)

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

- a. Whenever any of the tax rates used in calculation of the surcharge are changed;
- b. Whenever the utility makes effective any increased or decreased rates, and
- c. On March 31, 1971, and each year thereafter.

The above recalculation will be submitted to the Commission within ten (10) days after the occurrence of the event or date which occasions such recomputation; and, if the recomputed surcharge is less than the one in effect, the Company will, and if the recomputed surcharge is more than the one then in effect, the Company may submit with such recomputation a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be ten (10) days after filing.

(D) Indicates Decrease

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. 76 to
Gas - Pa. P.U.C. No. 8
Sixteenth Revised Page No. 93
Cancelling Fifteenth Revised Page No. 93

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RIDER D
FLOW-THROUGH OF BYPASS REVENUES

A. PURPOSE

The purpose of this rider is to flow-through to all customers, on the basis of a uniform amount per Mcf of throughput (including both volumes of gas sold by the Company and volumes of gas transported by the Company), revenues received by the Company under Rate Schedule BP from Large Volume Industrial Service ("LVIS") and Large Industrial Service ("LIS") customers with bypass facilities as defined under the LVIS and LIS rate schedules.

B. AMOUNT TO BE FLOWED THROUGH

On March 1, 1992, and no later than March 1 of each year thereafter, the Company will file with the Pennsylvania Public Utility Commission a tariff supplement providing for flow-through to all customers of all revenues received under Rate Schedule BP for an entire twelve-month Application Term, as defined under Rate Schedule BP, ending at the conclusion of the last billing cycle completed in November of each year, except that: (1) the portion of revenues for recovery of Pennsylvania gross receipts tax and (2) amounts subject to a Special Credit under Rate Schedule BP shall be excluded from the amount to be flowed through to all customers. In addition, beginning with the third annual filing under this Rider, the Company shall include any over or under flow-through of revenues under Rate Schedule BP for previously-completed Application Terms.

C. FLOW-THROUGH RATE PER MCF

The amount to be flowed through to all customers per Mcf of throughput shall be computed by dividing the number of dollars determined under B., above, by projected annual throughput. In order to project annual throughput, the Company will use throughput from the most recently-available twelve-month period, adjusted to normal or average weather conditions. For each Mcf of sales, an additional adjustment shall be made to reflect the effect of the Pennsylvania gross receipts tax.

D. EFFECTIVE DATE AND DURATION

Each annual reduction to rates shall be filed to become effective upon sixty (60) days' notice and shall remain in effect for one year thereafter.

E. REFUND RATE

Rates for each Mcf (1,000 cubic feet) of gas supplied under retail sales rate schedules (excluding rate Schedules BP, PSB, SB and PCR) shall be reduced by an amount of \$0.0000 per Mcf for flow-through of bypass revenues. Such rate shall include an amount of \$0.0000 per Mcf of bypass credits and \$.0000 per Mcf for recovery of related gross receipts tax. (I)

Rates for each Mcf (1,000 cubic feet) of gas transported under this tariff shall be reduced by \$0.0000 per Mcf for flow through of bypass revenues. (I)

(I) Indicates Increase

Rider G

TRANSITION COSTS

PROVISIONS FOR RECOVERY OF TRANSITION COSTS
ARISING UNDER FERC ORDER 636

In addition to the charges provided in this tariff, a surcharge shall be applied to each Mcf of sales volumes or transportation volumes delivered by the Company, as provided below.

SURCHARGES

	Sales	Transportation
Small Class Customers (Rate Schedules RS, C/PA (Small) and SVIS	\$.0336/Mcf	\$.0319/Mcf
Large Class Customers (Rate Schedules C/PA (Large), IVIS, LVIS, LIS, NGV, C/PA-LBS, IVI-LBS, LVI-LBS and LI-LBS)	\$.0132/Mcf	\$.0125/Mcf

(D)

(D)

Provided, however that no surcharge shall be applied to volumes of customer-owned gas transported by the Company under the rate schedule for Monthly Metered Transportation Service or Daily Metered Transportation Service, if such gas is produced in Pennsylvania and is injected by the producer directly into facilities owned by National Fuel Gas Distribution Corporation ("exempt Pennsylvania volumes").

Provided, further, that the Company may reduce or eliminate the otherwise applicable surcharge to any Customer if it is reasonably necessary to do so to meet competition from another supplier of energy, including gas from another supplier of gas that has constructed, or could construct, facilities to deliver gas to a customer of the Company without use of the Company's facilities. Such reduction or elimination of a surcharge shall be the first charges eliminated or reduced before any reduction is made to other charges under this tariff.

INITIAL COMPUTATION OF TRANSITION COST SURCHARGES

The initial surcharges shall be computed in accordance with the Order of the Pennsylvania Public Utility Commission entered December 1, 1993, at Docket No. R-932548 and shall include all "non-gas" transition costs, including pipeline interest charge, approved for billing by the Federal Energy Regulatory Commission ("FERC") as of November 30, 1993. The initial surcharges shall be designed to recover approved costs over the period December 1, 1993 through July 31, 1994.

ADJUSTMENT OF TRANSITION COSTS SURCHARGES

Every February 1, May 1, August 1 and November 1, the Company shall revise its surcharges to reflect changes to non-gas transition costs amounts and any Take-or-pay refunds or charges not previously included in prior surcharge calculations. Each quarterly adjustment shall be designed to recover or refund such changes over the 12-month

(D) Indicates Decrease

amortization period beginning on the effective date of the quarterly adjustment, unless the period for billing of such costs is longer, in which case such longer period shall be used. Each quarterly adjustment also shall eliminate from the rate calculations any prior quarterly adjustments that have been amortized fully.

The quarterly rate adjustments effective February 1, May 1 and November 1 shall be filed with the Commission 30 days prior to the effective dates and shall include all amounts approved or to be approved for billing as of the day immediately preceding the effective date. The adjustment effective August 1 of each year, which will include the annual reconciliation and any revisions to projected volumes, shall be filed 60 days prior to the effective date and shall include all amounts approved or to be approved for billing as of the day immediately preceding the effective date.

The quarterly transition cost surcharges, per Mcf, shall be computed to the nearest one-hundredth cent (0.01¢), in accordance with the formulas set forth below:

Small Customers:

$$SCS = \frac{(TC+TCA) * (SV/TH)}{SV-CSV} \div (1-T)$$

Large Customers:

$$LCS = \frac{(TC+TCA) * (LV/TH)}{LV-LSV} \div (1-T)$$

In computing the surcharges, per Mcf, pursuant to the formulas, above, the following definitions will apply:

- "SCS" - Small customer surcharge rate per Mcf.
- "LCS" - Large customer surcharge rate per Mcf.
- "TC" - Non-gas transition costs that have been approved for billing by FERC, that have been included in the initial surcharge calculation or a preceding quarterly adjustment and that have not been completely amortized.
- "TCA" - Non-gas transition costs that have been approved for billing by FERC, that have not been included in prior surcharge calculations.
- "SV" - Annualized projected small customer sales and transportation volumes, excluding exempt Pennsylvania volumes.
- "LV" - Annualized projected large customer sales and transportation volumes, excluding exempt Pennsylvania volumes.
- "CSV" - Annualized projected small customer sales and transportation volumes which the Company expects will not be subject to a surcharge because of competitive flexing or because the sales will be made under Rate LIRAS.

- "LSV" - Annualized projected large customer sales and transportation volumes which the Company expects will not be subject to a surcharge because of competitive flexing.
- "TH" - Total annualized projected small and large customer sales and transportation volumes, excluding exempt Pennsylvania volumes.
- "T" - Base-rate portion of gross receipts tax. For Transportation customers, T shall equal 0.

All volumetric projections shall be revised annually, effective August 1 of each year.

DETERMINATION OF OVER/UNDERCOLLECTION OF TRANSITION COSTS

The filing to be effective August 1 of each year shall include a reconciliation of prior surcharge recoveries. In computing this reconciliation, the Company shall determine separately for the Small and Large customer classes the difference between projected revenues to have been recovered from each class under all prior surcharges and the actual revenues recovered from each class through application of all prior surcharges, from December 1, 1993 through July 31 immediately preceding the reconciliation. The annual reconciliation adjustment shall include a provision for over/underrecoveries of actual costs, if any, that will not be refunded or recovered through the quarterly adjustment procedure. The annual adjustment factor will also adjust for projected over/undercollections reflected in prior annual adjustment.

Before the surcharges hereunder are concluded, the Company will prepare a final reconciliation of experienced costs to experienced recoveries, and will refund or recoup any difference over a 12-month period.

EFFECTIVE PERIOD FOR THE SURCHARGES

The surcharges shall remain in effect from December 1, 1993 through July 31, (C) 2007. The Company reserves the right to seek extension of this period if billing of non-gas transition costs will extend beyond July 31, 2007.

(C) Indicates change

RIDER I

(C)
(I)

CASE R-942991 INFLATION ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, a surcharge shall be applied to each Mcf of sales volumes or transportation volumes delivered by the Company. The surcharge is for recovery of the Case R-942991 inflation adjustment as allowed by the Pa. P.U.C. by Order entered on April 28, 1998. The surcharge will be terminated for each billing class upon recovery of costs allocated to each billing class.

SURCHARGES

Rates for each Mcf (1,000 cubic feet) of gas supplied under Residential sales service of this tariff shall include a surcharge of \$0.0133 per Mcf. Rates for gas transported under Residential transportation and Residential Pilot Transportation/Aggregation ("PTA") service shall include a surcharge of \$0.0126 per Mcf.

Rates for each Mcf (1,000 cubic feet) of gas supplied under Small Commercial/Public Authority and Small Commercial/Public Authority Load Balancing Service ("LBS") sales service of this tariff shall include a surcharge of \$0.0067 per Mcf. Rates for gas transported under Small Commercial/Public Authority, Small Commercial/Public Authority LBS transportation and Small Commercial/Public Authority PTA service shall include a surcharge of \$0.0064 per Mcf.

Rates for each Mcf (1,000 cubic feet) of gas supplied under Large Commercial/Public Authority and Large Commercial/Public Authority LBS sales service of this tariff shall include a surcharge of \$0.0116 per Mcf. Rates for gas transported under Large Commercial/Public Authority, Large Commercial/Public Authority LBS transportation and Large Commercial/Public Authority PTA service shall include a surcharge of \$0.0110 per Mcf.

Rates for each Mcf (1,000 cubic feet) of gas supplied under Intermediate Volume Industrial and Intermediate Volume Industrial LBS sales service of this tariff shall include a surcharge of \$0.0077 per Mcf. Rates for gas transported under Intermediate Volume Industrial, Intermediate Volume Industrial LBS transportation and Intermediate Volume Industrial PTA service shall include a surcharge of \$0.0073 per Mcf.

(C) Indicates Change
(I) Indicates Increase