

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	
.31547	Per 100 cu. ft. for the first 5,000 cu. ft.	(I)
.26774	Per 100 cu. ft. for all Over 5,000 cu. ft.	(I)

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	
.34638	per 100 cu. ft. for the first 5,000 cu. ft.	(I)
.33004	per 100 cu. ft. for all Over 5,000 cu. ft.	(I)

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	
.30430	per 100 cu. ft. for the first 20,000 cu. ft.	(I)
.29138	per 100 cu. ft. for all over 20,000 cu. ft.	(I)

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

\$121.13	Basic Service Charge	
.22234	per 100 cu. ft. for the first 300,000 cu. ft.	(I)
.20929	per 100 cu. ft. for the next 1,700,000 cu. ft.	(I)
.19284	per 100 cu. ft. for all over 2,000,000 cu. ft.	(I)

(I) Indicates Increase

RATE SCHEDULE SATC

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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
.30502 Per 100 cu. ft.

(I)

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
.25223 per 100 cu. ft. for the first 100,000 cu. ft.
.21571 per 100 cu. ft. for the next 1,900,000 cu. ft.
.18710 per 100 cu. ft. for all over 2,000,000 cu. ft.

(I)

(I)

(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

Issued:

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SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE

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 Aggregation 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). (C)

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

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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.

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
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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. The SATS Suppliers' estimated extreme day requirements of their SATC Customer Group used for Supplier capacity allocations and requirements shall be based on a fifty-nine (59) degree day extreme peak day calculation. The Company shall utilize peaking and temperature swing storage capacity retained by the Company and recovered through SATC rates to provide for any variances between actual and forecasted usage and for any peak delivery requirements for days colder than fifty-nine (59) degree days. (C)

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 (I)

43% 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
(I) Indicates Increase

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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%

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d. Return of ESS Storage Capacity

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 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

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SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

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.

RATE SCHEDULE SATS
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2. Released Transmission Capacity Not Included in SATC Transportation Rates

27% of extreme peak day requirements is to be provided by the release of (I) 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, prior to the termination notice date of (C) any capacity contract in this Section C.2., the Company will issue a request for proposals to 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 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, (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, and 3) the Commission approves such comparable capacity. 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.

(I) Indicates Increase

(C) Indicates Change

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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

30% 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. (I)

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.

(I) Indicates Increase

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D. City Gate Balancing

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 and based on the system requirement to manage storage capacity retained by the Company to meet temperature swings, 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. Such ADDQ shall not exceed the capacity available to the SATS Supplier as determined under Special Provisions Sections C1, C2, C3 and C4. The DDQs and ADDQs shall also be used to determine the specific rates and charges as outlined in this rate schedule. (C)

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
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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

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2. Resolution of Burner Tip Imbalances

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

Issued:

Effective:

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2. Communication of SMOs

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:

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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.

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.

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

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 either oral or 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. (C)

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

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K. Consumer Protections

In addition to satisfying the criteria set out in Sections I and J above, 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.

6. For SATS Suppliers exiting the program ("Exiting Suppliers") and who intend to no longer serve SATC Customers, in addition to those protections noted in Section K.5, such Exiting Suppliers shall provide written notice to its SATC Customers and the Company sixty (60) days before its exits. The notice shall include information regarding the SATC Customers' ability to choose another SATS Supplier, assurances service will be provided by the SOLR and information regarding payment of their first bill. (C)

(C) Indicates Change

Issued:

Effective:

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 SATC 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 SATC Customer.

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 SATS Supplier's natural gas deliveries to the Company and for which alternate supply arrangements cannot be obtained by SATS Supplier or, if the SATS Supplier is unsuccessful in obtaining alternate supplies, for which the Company cannot obtain supplies on behalf of the SATS Supplier. For supplies provided by the Company, the SATS 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 SATS 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 SATS Supplier's assigned firm transportation service on an upstream pipeline that ultimately feeds a downstream pipeline, which directly and substantially affects a SATS 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 SATS Supplier from performing pursuant to this rate schedule to the extent of such curtailment. If at such time the SATS 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 SATS 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

Issued:

Effective:

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.

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.

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.

Rates for each Mcf (1,000 cubic feet) of gas transported under the Small Aggregation Transportation Customer Rate Schedule shall include \$1.1175 per Mcf for the recovery of purchased gas demand costs. (I)

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	
Low Income Residential Assistance Service	\$4.5395	
Commercial and Public Authority	\$4.5395	
Small Volume Industrial	\$4.5395	
Intermediate Volume Industrial	\$4.5395	
Large Volume Industrial	\$4.5395	
Large Industrial	\$4.5395	
Standby	\$0.4206	
Priority Standby	\$0.8678	
Small Aggregation Transportation Customer Rate Schedule	\$1.1175	(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:

$$PGCC = \frac{(CC - CE)}{(S)} + (1-T)$$

(I) Indicates Increase

RIDER J

(C)

UNIVERSAL SERVICE CHARGE

Effective April 1, 2000, a charge will be included in the rates subject to this Rider to provide for recovery of costs of providing service to residential customers requiring assistance in paying bills for natural gas services and assist customers in the conservation of energy and reduction in residential energy bills.

The universal service charge ("USC") will be designed to recover the following:

1. Costs associated with additional customers (above 1,000) enrolling in the LIRA program;
2. Conservation credits associated with LIRA accounts;
3. Program costs associated with maintaining the LIRA services; and
4. Costs associated with the continuation of the residential Low Income Usage Reduction Program ("LIURP").

APPLICABILITY

In addition to the charges provided in this tariff, an amount shall be added to the otherwise applicable charge for each Mcf of sales and transportation volumes delivered by the Company to residential customers receiving service under the Residential Service Rate Schedule and the Residential Transportation Rate component of Rate Schedule SATC, or successor rates schedules.

CALCULATION OF RATE

On an annual basis, the Company shall calculate projected LIRA program costs, projected LIRA conservation credits, projected costs associated with margin-loss of LIRA participants and projected costs associated with the operation of the LIURP ("US costs"). This amount will then be reduced by the following base rate items ("base rate items"):

- a. Any remaining deferred credit and existing charge, currently \$0.0155 per Mcf (excluding gross receipts tax), applicable to LIRA expenses as approved by the Commission in Docket Nos. P-961054 and P-961055; and
- b. The existing LIURP charge included in rates (currently .04% of revenues).

To the extent US costs exceed funding provided by the base rate items, the resulting deficiency ("US deficiency") shall be subject to recovery through the USC.

(C) Indicates Change

The annual charge to be included in rates shall be \$0.0000/Mcf through December 31, 2000. Effective January 1, 2001, the rate will be calculated to produce a levelized rate reflecting any deferred US deficiencies incurred from the date of the Commission's order approving this Rider, and any projected US deficiencies for the period from January 1 through December 31 and annually thereafter, divided by the total projected volumes of Residential Service Rate Schedule and the Residential Transportation component of Rate Schedule SATC, for each twelve (12) month period over which this charge will be in effect. (C)

ANNUAL RECONCILIATION

Commencing January 1, 2002, and annually thereafter, the levelized rate will be adjusted for over/undercollections for the prior twelve (12) month period by comparing projections of US deficiencies and revenues to actual amounts experienced. The annual reconciliation filing to be effective January 1, 2002, and thereafter shall include a reconciliation of actual experienced US costs to experienced USC recoveries for the preceding twelve (12) month period ended December 31. All reconciliations shall be based upon actual amounts through October 31 and estimates for November and December. Estimates for November and December shall be reconciled in the following reconciliation period. The rate will be designed to recover or refund the applicable under or over recovery over the twelve (12) month period beginning January 1. Each annual reconciliation shall also provide for refund or recovery of amounts necessary to adjust for over or under recoveries of amounts also included in prior reconciliations.

a. Annual Filing

The annual reconciliation and projected deficiency shall be filed ten (10) days prior to January 1 and the recalculated rate shall become effective for service on or after January 1 and annually thereafter. Rates for each rate class will be adjusted for gross receipts tax, if applicable.

(C) Indicates Change

RIDER K

(C)

CUSTOMER EDUCATION CHARGE

Effective April 1, 2000, a charge will be included in the rates subject to this Rider to provide for recovery of costs of providing consumer education to inform customers of the changes in the Natural Gas Utility Industry.

The charge will be designed to recover the following customer education costs ("CE costs"):

- 1) Costs associated with providing information necessary to assist customers in making appropriate choices as to their natural gas service; and
- 2) Costs associated with any and all consumer education programs as a result of restructuring under the Natural Gas Choice and Competition Act.

APPLICABILITY

In addition to the charges provided in this tariff, an amount shall be added to the otherwise applicable charge for each Mcf of sales and transportation volumes delivered by the Company to customers receiving service under the Residential, Commercial and Public Authority, SVIS, IVIS, and SATC rate schedules, or successor rates schedules.

CALCULATION OF RATE

An annual charge will be based upon deferred and annually projected CE costs.

The annual charge to be included in rates shall be \$0.0000/Mcf through December 31, 2000. Effective January 1, 2001, the rate will be calculated to produce a levelized rate reflecting all deferred CE costs incurred from the date of the Commission's order approving this Rider, and any actual and expected CE costs for the period from January 1 through December 31 and continue annually thereafter, divided by the total projected volumes of Residential, Commercial and Public Authority, SVIS, IVIS, and SATC rate schedules, for each twelve (12) month period over which this charge will be in effect.

(C) Indicates Change

ANNUAL RECONCILIATION

(C)

Commencing January 1, 2002, and annually thereafter, the levelized rate will be adjusted for over/undercollections for the prior twelve (12) month period by comparing projections of CE costs and revenues to actual amounts experienced. The annual reconciliation filing to be effective January 1, 2002, and thereafter shall include a reconciliation of actual experienced expenses for the preceding twelve (12) month period ended December 31. All reconciliations shall be based upon actual amounts through October 31 and estimates for November and December. Estimates for November and December shall be reconciled in the following reconciliation period. The rate will be designed to recover or refund the applicable under or over recovery over the twelve (12) month period beginning January 1. Each annual reconciliation shall also provide for refund or recovery of amounts necessary to adjust for over or under recoveries of amounts also included in prior reconciliations.

a. Annual Filing

The annual reconciliation and projected annual CE costs shall be filed ten (10) days prior to January 1 and the recalculated rate shall become effective for service on or after January 1 and annually thereafter. Rates for each rate class will be adjusted for gross receipts tax, if applicable.

(C) Indicates Change