

UGI CENTRAL PENN GAS, INC.

UGI CENTRAL PENN GAS, INC.

NATURAL GAS SUPPLIER COORDINATION TARIFF

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Effective for Service rendered on and
after August 28, 2009.

By: Paul J. Szykman
Vice President - Rates
100 Kachel Blvd., Suite 400
P.O. Box 12677
Reading, PA 19612-2677

NOTICE

THIS SUPPLEMENT MAKES DECREASES/CHANGES IN EXISTING RATES.

SEE PAGE TWO.

<http://ww.ugi.com/cpg>

LIST OF CHANGES MADE BY THIS SUPPLEMENT
(Page Numbers Refer to Official Tariff)

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Table of Contents updated.

Section 3 Natural Gas Competition Guidelines Page 10
Section 3.6 Two Billing Options - Updated to clarify ability.

Service Provided to Natural Gas Suppliers - General Terms and Conditions
Applicable to Supplier Services Page 19
Section 3 Emergency Curtailment updated to changes made in CPG Gas PA P.U.C.
No.3 Supplement 32.

Service Provided to Natural Gas Suppliers - Monthly Aggregation and
Balancing Rate Schedule MAB Page 31
Section 5.2 Late Payment charge increased from 1.25% to 1.50%.

UGI CENTRAL PENN GAS, INC.

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Common Natural Gas Competition Terms

1. Burner Tip - The point at which natural gas is used such as a furnace, water heater or range.
2. ccf - 100 cubic feet of gas. This is a measure of gas usage.
3. Chapter 56 - The PUC regulations that govern metering, billing and collections for residential gas and electricity service.
4. City Gate - The point where interstate pipelines deliver gas into natural gas distribution company facilities.
5. Commodity Charges - The charges for basic gas supply service which is sold either in cubic feet or dekatherms.
6. Customer - A retail gas customer as defined by Section 2202 of the Natural Gas Choice and Competition Act, 66 Pa. C.S. §2202. The term includes all persons identified by the Natural Gas Distribution Company (NGDC) as ratepayer of record, pursuant to §59.95, as authorized to act on behalf of the NGDC ratepayer of record in changing the Natural Gas Supplier (NGS) for the account.
7. Customer Charge - A monthly charge to cover such local distribution company costs as maintaining the gas lines, meter reading and billing.
8. Data Element - One or more characters which represent numeric or alphanumeric fields of data.
9. Distribution Charges - The charges for the delivery of natural gas from the point of receipt into the natural gas distribution company's distribution system.
10. Dth (Dekatherm) - A measure of the heat content value of gas. Gas usage is determined by multiplying the Mcf used by the heat content value of the gas.
11. Gas Cost Adjustment Charges - The amount billed or credited each month to account for differences between projected and actual gas supply costs of the natural gas distribution company.
12. Mcf - 1,000 cubic feet of gas. This is a measure of gas usage.
13. Natural Gas Distribution Company (NGDC) - A natural gas distribution company as defined by Section 2202 of the Natural Gas choice and Competition Act, 66 Pa. C.S. §2202.
14. Natural Gas Supplier (NGS) - A supplier of natural gas as defined by Section 2202 of the Natural Gas Choice and Competition Act, 66 Pa. C.S. §2202.
15. Pennsylvania Public Utility Commission (PUC) - The state regulatory agency that provides oversight, policy guidance and direction to public utilities and suppliers.

Common Natural Gas Competition Terms (continued)

16. Storage - Placing natural gas into an underground facility for removal and use at a later date.
17. Transmission - The moving of natural gas through the interstate pipeline system for delivery to the natural gas distribution company.

RULES AND REGULATIONS

1. THE SUPPLIER TARIFF

1.1 Filing and Posting.

A copy of this Tariff, which represents the Rules and Regulations, Riders, and Rate Schedules, under which the Companies will provide services to Natural Gas Suppliers, is on file with the Pennsylvania Public Utility Commission (Commission) and is posted and open for inspection on the Companies' Internet website.

1.2 Revisions.

This Tariff may be revised, amended, supplemented or otherwise changed from time-to-time in accordance with the Pennsylvania Public Utility Code and the Rules and Regulations of the Commission, and such changes, when effective, shall have the same force as the present Tariff.

1.3 Application of Tariff.

The Tariff provisions apply to all Natural Gas Suppliers, including an affiliate or division of the Companies, providing competitive gas supply to customers located in the Companies' service territory, and with whom the Companies have executed a service agreement as required herein. In addition, the charges herein shall apply to anyone receiving services described in this Tariff from the Companies.

1.4 Rules and Regulations.

The Rules and Regulations, filed as part of this Tariff, are a part of every service agreement entered into by the Companies pursuant to this Tariff and govern all supplier activities, unless specifically modified by a Rate Schedule or Rider provision.

1.5 Use of Riders.

The terms governing supplier services under this Tariff or a Rate Schedule herein may be modified or amended only by the application of those standard Riders, filed as part of this Tariff.

1.6 Statement by Agents.

No representative of the Companies has authority to modify a Tariff Rate Schedule, Rule, or provision, or to bind the Companies by any promise or representation contrary thereto.

1.7 Failure to Enforce Rights

Failure on the part of the Companies to enforce any of their rights at any time shall not be considered a waiver of any of their rights.

RULES AND REGULATIONS (continued)**2. SCOPE AND PURPOSE OF TARIFF****2.1 Scope and Purpose.**

This Tariff sets forth the basic requirements for interactions and coordination between the Companies as the Natural Gas Distribution Company (NGDC) and Natural Gas Suppliers (NGS) necessary for ensuring the delivery of competitive gas supply from NGSSs to their customers commencing on July 1, 2000.

2.2 FERC Jurisdictional Matters.

The inclusion of FERC-jurisdictional matters within the scope of this Tariff is intended solely for informational purposes and is not intended to accord any jurisdictional authority over such matters to the Commission. If anything stated herein is found by the Federal Energy Regulatory Commission (FERC) to conflict with or be inconsistent with federal law, including any rule, regulation, order or determination of the FERC, the applicable FERC rule, regulation, order or determination shall control. To the extent required under any provision of federal law, or any rule, regulation, order or determination of the FERC under federal law, the Companies shall secure, from time-to-time, all appropriate orders, approvals and determinations from the FERC necessary to implement this Tariff.

RULES AND REGULATIONS (continued)

3. NATURAL GAS COMPETITION GUIDELINES

3.1 Customer Requests for Efficiency Information and Historical Billing Information.

- (a) The Companies, and NGSs, will respond to reasonable requests for efficiency information by indicating that these materials are available from the Commission or the Companies.
- (b) Upon request from the customer, the Companies will provide, at no charge and at least once per year, historical billing data to residential customers served under Rate Schedules R and RMD and small business customers served under Rate Schedules G, GMD, SGMD, and GD. If the customer is receiving competitive natural gas supply service from an NGS and receiving a separate bill from the NGS, the NGS will provide dollar amounts billed.
 - (1) The Companies are obligated to provide information that is readily available in their billing system.
 - (2) The Companies will convey historical billing data in terms of the Companies' standard pricing unit, dekatherms, and associated charges for the current billing period and for the year preceding the current billing period.
 - (3) The Companies will update historical billing data with each billing cycle.
- (c) The Companies, and NGSs, will notify consumers either in advertising materials, disclosure statements or bills that information on energy efficiency and on historical billing data are available upon request.

RULES AND REGULATIONS (continued)**3.2 Switching Procedures.**

The Companies shall process the request to initiate, terminate or change a customer's NGS or return to the Supplier of Last Resort ("Request") in accordance with this Rule and the Commission's Order on Establishing Standards for Changing NGSs at Docket No. M-00991249F0006. The customer, a person or entity that is authorized to act on the customer's behalf, should contact the chosen NGS to initiate the Request. When a customer, person or entity authorized to act on the customer's behalf, contacts the Companies with a Request to change NGS; the Companies will inform such party to contact the NGS directly.

The Companies shall verify the accuracy of the information provided by the NGS by matching at least 2 data elements such as name and account number, or address and account number, with the Companies' records.

After the Companies have received notification from the NGS of the customer's Request to switch NGS or return to the Companies' Supplier of Last Resort service, the Companies shall send the customer a confirmation letter noting the proposed change of NGS. This letter shall include the notice of a ten (10) day waiting period in which the Request may be canceled by the customer before the change of the NGS takes place. The notice shall include the date services with the new NGS will commence. The ten (10) day waiting period shall start on the day the confirmation letter is mailed.

Such confirmation letter shall include, if appropriate, the ratepayer's pool operator choice as stated by the NGS, the applicable billing option, the approximate date when transportation service is to begin and the date that the first bill will be mailed.

The Companies shall mail the confirmation letter by the end of the next business day following the receipt of the notification from the NGS of the customer's selection of an NGS.

If the customer does not contact the Companies within the ten (10) day notification period, the Companies shall make the change of NGS at the beginning of the next calendar month following the ten (10) day waiting period, provided that the Request was received by the Companies from the NGS at least thirty (30) days prior to the beginning of the next calendar month. If the Request was not received from the NGS at least thirty (30) days prior to the beginning of the next calendar month, the Companies shall change the NGS at beginning of the following calendar month. If the customer notifies the Companies of an error after the ten (10) day waiting period specified in the confirmation letter, the customer will remain with the selected NGS for at least one (1) calendar month.

The Companies may, in their sole discretion, change the NGS on a day other than the meter reading date if: (1) requested by a customer, person or entity authorized to act on the customer's behalf, (2) the Companies can reasonably accommodate the change of the NGS on a more expedited basis and (3) the customer pays the Companies for all additional costs associated with the expedited change of the NGS.

RULES AND REGULATIONS (continued)**3.3 Commission's Guidelines for Maintaining Customer Services.**

Natural Gas Suppliers shall adhere to Commission standards for credit determination, initiation and disconnection of service as set forth in the Commission's Guidelines for Maintaining Customer Services at the Same Level of Quality Pursuant to 66 Pa. C.S. §2206(a), Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. §2208(e) and (f), and Addressing the Application of Partial Payments Pursuant to 66 Pa. C.S. §2205 (5) at Docket No.

M-00991249F0003.

3.4 Commission's Customer Information Disclosure Guidelines.

Natural Gas Suppliers shall adhere to the Commission's requirements related to Natural Gas Supplier disclosure of the terms of service, marketing, advertising and sales practices, and privacy of customer information as set forth in the Commission's Interim Customer Information Disclosure Requirements for Natural Gas Distribution Companies and Natural Gas Suppliers at Docket No.

M-00991249F0005.

3.5 Privacy of Customer Information.

- (a) The Companies will not release private customer information to a third party unless the customer has been notified of such intent and has been given a convenient method of notifying that entity of the customer's desire to restrict the release of private information. If the customer does not choose to restrict the release by one of the two restriction options (1) and (2) below, then all of the customer's private information may be released to a third party, except for the customer's telephone number. If the customer chooses to restrict the release of private customer information, the customer may restrict that release according to one of the following two restriction options:
- (1) Restrict the release of only the customer's historical billing data in the Companies' standard pricing unit, i.e., as denominated by the Companies, or
- (2) Restrict the release of all private customer information, including name, billing address, service address, rate class, rate sub-class, account number and historical billing data, in the Companies' standard pricing unit, i.e., as denominated by the Companies.
- (b) Customers shall be permitted, at any time, to restrict the release of private information as specified in subsection (a) by returning a signed form, orally, or electronically. If the Companies provide form letters for customers to notify the Companies of the customers' desire to restrict the release of private information, the Companies will inform customers of the date when the form should be returned or mailed to the Companies, which shall not be less than fifteen days after the Companies provided the form letters to customers.
- (c) Nothing in this section prohibits the Natural Gas Supplier and the Companies from performing their mandatory obligations to provide natural gas service as specified in the disclosure statement and in the Public Utility Code or Commission regulations.
- (d) Telephone numbers will not be released to third parties under any circumstances.

RULES AND REGULATIONS (continued)

3.6 Two Billing Options.

- (C) The Companies offer two billing options for Rates RMD, GMD, and SGMD: (1) the issuance of a bill by the Companies which contains the NGS charges in a format that complies with the Commission's Customer Information and Disclosure Guidelines; and (2) the issuance of a bill that contains only the Companies' charges, in which case the NGS will bill the customer separately for NGS charges. The conditions under which the Companies will exchange data with the NGS to effectuate either of these billing options is set forth in more detail in the Supplier Agreement.

3.7 Procedures for Coordination between the Companies and the Natural Gas Supplier with Respect to Budget Billing.

The Companies will continue budget billing even where the customer receives gas supply from an NGS, if the NGS is required by Commission order or regulation, or the NGS agrees, to provide budget billing. Under such circumstances, if the Companies issue a combined bill, budget billing will apply to the entire bill. If the NGS issues a separate bill, budget billing will be available for the Companies' charges.

BINDING INTERIM STANDARDS OF CONDUCT

Binding Interim Guidelines For Standard of Conduct
Pursuant to 66 Pa. C.S. §2209(a) and Assuring Conformance with
66 Pa. C.S. §2209(c)

A. Definitions

1. Natural Gas Distribution Company. A public utility or city natural gas distribution operation that provides natural gas distribution services and which may provide natural gas supply services and other services. For purposes of this Standard of Conduct, this term does not include:
 - (1) Any public utility subject to the jurisdiction of the Commission which has annual gas operating revenues of less than \$6,000,000 per year, except where the public utility voluntarily petitions the Commission to be included within this definition or where the public utility seeks to provide natural gas supply services to retail gas customers outside its service territory; or
 - (2) Any natural gas public utility subject to the jurisdiction of the Commission that is not interconnected to an interstate gas pipeline by means of a direct connection or an indirect connection through the distribution system of another natural gas public utility or through a natural gas gathering system.
2. Natural Gas Supplier. An entity other than a natural gas distribution company, but including natural gas distribution company marketing affiliates (without regard to structural relationship), which provides natural gas supply services to retail gas customers utilizing the jurisdictional facilities of a natural gas distribution company. The term includes a natural gas distribution company that provides natural gas supply services outside its certificate service territories. The term includes a municipal corporation, its affiliates or any joint venture, to the extent that it chooses to provide natural gas supply services to retail customers located outside of its corporate or municipal limits, as applicable, other than:
 - (i) as provided prior to the effective date of this chapter, pursuant to a certificate of public convenience if required under this title;
 - (ii) total natural gas supply services in de minimis amounts;
 - (iii) natural gas supply services requested by, or provided with the consent of, the public utility in whose certificate territory the services are provided; or
 - (iv) natural gas supply services provided to the municipal corporation itself or its tenants on land it owns or leases, or is subject to an agreement of sale or pending condemnation, as of September 1, 1999, to the extent permitted by applicable law independent of Chapter 22 of the Public Utility Code.

BINDING INTERIM STANDARDS OF CONDUCT (continued)

The term excludes an entity to the extent that it provides free gas to end-users under the terms of an oil or gas lease.

Notwithstanding any other provision of the Public Utility Code, a natural gas supplier that is not a natural gas distribution company is not a public utility as defined in Section 102 (relating to definitions) to the extent that the natural gas supplier is utilizing the jurisdictional distribution facilities of natural gas distribution company or is providing other services authorized by the Commission.

3. Affiliated Natural Gas Supplier. A natural gas supplier, including marketing activities related to natural gas supply services by the marketing division or marketing operation of a natural gas distribution company. The term "affiliated natural gas supplier" does not include a utility's marketing department or division to the extent that it informs existing or prospective customers of the availability and price of the regulated sales service that the utility furnishes in its role as supplier of last resort.

B. Standards of Conduct

All natural gas distribution companies and natural gas suppliers shall comply with the following requirements.

- (1) A natural gas distribution company shall apply its tariffs in a nondiscriminatory manner to its affiliated natural gas supplier and any non-affiliated natural gas supplier.
- (2) A natural gas distribution company shall not apply a tariff provision in any manner that would give its affiliated natural gas supplier an unreasonable preference over other natural gas suppliers with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, or nondelivery, and all other services provided to its affiliated natural gas supplier.
- (3) Mandatory tariff provisions shall not be waived by a natural gas distribution company for any natural gas suppliers absent prior approval of the Commission.
- (4) If a tariff provision is not mandatory or provides for waivers, a natural gas distribution company shall grant the waivers without preference to its affiliated natural gas supplier or non-affiliated natural gas supplier.
- (5) A natural gas distribution company shall maintain a chronological log of tariff provisions for which it has granted waivers. Entries shall include the name of the party receiving the waiver, the date and time of the request, the specific tariff provision waived and the reason for the waiver. The chronological log shall be open for public inspection during normal business hours.

BINDING INTERIM STANDARDS OF CONDUCT (continued)

- (6) A natural gas distribution company shall process requests for distribution services promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period. A natural gas distribution company shall maintain a chronological log showing the processing of requests for transportation services. The chronological log shall be open for public inspection during normal business hours.
- (7) If a natural gas distribution company provides a distribution service discount, fee waiver or rebate to its favored customers, or to the favored customers of its affiliated natural gas supplier, the natural gas distribution company shall offer the same distribution service discount, fee waiver or rebate to other similarly situated customers. Offers shall not be tied to any unrelated service, incentive or offer on behalf of either the natural gas distribution company or its affiliated natural gas supplier. A chronological log shall be maintained showing the date, party, time and rationale for the action. The chronological log shall be open for public inspection during normal business hours.
- (8) Subject to customer privacy or confidentiality constraints, a natural gas distribution company shall not disclose, directly or indirectly, any customer proprietary information to its affiliated natural gas supplier unless authorized by the customer. To the extent that a natural gas distribution company does disclose customer information without customer authorization, it shall contemporaneously provide this same information to other similarly situated natural gas suppliers in a similar fashion so as not to selectively disclose, delay disclosure, or give itself or its affiliated natural gas supplier any advantage related to the disclosure. A chronological log shall be maintained showing the date, time and rationale for the disclosure. The chronological log shall be open for public inspection during normal business hours.
- (9) A natural gas distribution company shall justly and reasonably allocate to its affiliated natural gas supplier the costs or expenses for general administration or support services provided to its affiliated natural gas supplier.
- (10) Natural gas distribution companies shall not condition or tie the provision of any product, service or price agreement by the natural gas distribution company (including release of interstate pipeline capacity) to the provision of any product or service by its affiliated natural gas supplier.

BINDING INTERIM STANDARDS OF CONDUCT (continued)

- (11) A natural gas distribution company shall not give its affiliated natural gas supplier preference over a non-affiliated natural gas supplier in the provision of goods and services including processing requests for information, complaints and responses to service interruptions. Natural gas distribution companies shall provide comparable treatment in its provision of such goods and services without regard to a customer's chosen natural gas supplier.
- (12) A natural gas distribution company and its affiliated natural gas supplier shall maintain separate books and records. Transactions between the natural gas distribution company and its affiliated natural gas supplier shall not involve cross-subsidies. Any shared facilities shall be fully and transparently allocated between the natural gas distribution company function and the affiliated natural gas supplier function. The natural gas distribution company accounts and records shall be maintained such that the costs incurred on behalf of an affiliated natural gas supplier may be clearly identified.
- (13) Natural gas distribution company employees who have responsibility for operating the distribution system, including natural gas delivery or billing and metering, shall not be shared with an affiliated natural gas supplier, and their offices shall be physically separated from the office(s) used by those working for the affiliated natural gas supplier. Such natural gas distribution company employees may transfer to an affiliated natural gas supplier provided such transfer is not used as a means to circumvent these interim standards of conduct.
- (14) Neither the natural gas distribution company nor its affiliated natural gas supplier shall directly, or by implication, falsely and unfairly represent to any customer, natural gas supplier or third party that an advantage may accrue to any party through use of the natural gas distribution company's affiliates or subsidiary, such as:
- § That the Commission regulated services provided by the natural gas distribution company are of a superior quality when services are purchased from its affiliated natural gas supplier; or
 - § That the merchant service (for natural gas) is being provided by the natural gas distribution company when it is in fact being provided by an affiliated natural gas supplier;
 - § That the natural gas purchased from a non-affiliated natural gas supplier may not be reliably delivered;
 - § That natural gas must be purchased from an affiliated natural gas supplier to receive Commission regulated services.

BINDING INTERIM STANDARDS OF CONDUCT (continued)

- (15) When an affiliated natural gas supplier markets or communicates to the public using the natural gas distribution company name or logo, it shall include a legible disclaimer that states:
- § That the affiliated natural gas supplier is not the same company as the natural gas distribution company;
 - § That the prices of the affiliated natural gas supplier are not regulated by the Commission; and
 - § That a customer does not have to buy natural gas or other products from the affiliated natural gas supplier in order to receive the same quality service from the natural gas distribution company.

When an affiliated natural gas supplier advertises or communicates verbally through radio or television to the public using the natural gas distribution company name or logo, the affiliated natural gas supplier shall include at the conclusion of any such communication a legible disclaimer that includes all of the disclaimers listed in this paragraph.

- (16) Except in competitive bid situations, a natural gas distribution company shall not (a) jointly market or jointly package its Commission regulated services with the services of an affiliated natural gas supplier or (b) offer or provide to its affiliated natural gas supplier products or services, including bill inserts in its natural gas distribution company bills promoting an affiliated natural gas supplier's services or a link from the natural gas distribution company's web-site, unless the natural gas distribution company offers or provides the products or service to all non-affiliated natural gas supplier on the same terms and conditions.
- (17) A natural gas distribution company shall not offer or sell natural gas commodity or capacity to its affiliated natural gas supplier without simultaneously posting the offering electronically on a source generally available to the market or otherwise making a sufficient offer to the market. The natural gas distribution company shall maintain a chronological log of these public disseminations. The chronological log shall be open for public inspection during normal business hours.
- (18) Natural gas distribution companies shall establish and file with the Commission a complaint procedure for dealing with any alleged violations of any of the standards of conduct, with the exception of paragraph (9), which are exclusively under the purview of the Commission. These procedures shall be developed in consultation with interested parties during consideration of any tariff guided by this section and §69.191 (relating to affiliated interest issues of natural gas marketers). The Commission may grant an exception to these requirements if warranted by the facts or circumstances.

BINDING INTERIM STANDARDS OF CONDUCT (continued)

- (19) A natural gas distribution company shall keep a chronological log of any complaints, excepting paragraph (9), regarding discriminatory treatment of natural gas suppliers. This chronological log shall include the date and nature of the complaint and the resolution of the complaint. The chronological log shall be open for inspection during normal business hours.
- (20) Dispute Resolution Procedures: In addition to the procedure set forth in paragraph 18:
- § Any dispute between a natural gas supplier, and/or an affiliated natural gas supplier, and a non-affiliated natural gas supplier alleging a violation of any of these Standards of Conduct provisions, the natural gas supplier must provide the natural gas distribution company and/or affiliated natural gas supplier, as applicable, a written Notice of Dispute that includes the names of the Parties and Customer(s), if any, involved and a brief description of the matters in dispute.
 - § Within five (5) days of a natural gas distribution company's and/or affiliated natural gas supplier's receipt of a Notice of Dispute, a designated senior representative of each of the Parties shall attempt to resolve the dispute on an informal basis.
 - § In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. A party may request mediation prior to that time if it appears that informal resolution is not productive.
 - § If mediation is not successful, then the matter shall be converted to a formal proceeding before a Commission Administrative Law Judge.
 - § Any Party may file a complaint concerning the dispute with the Commission under relevant provisions of the Public Utility Code.
 - § Parties alleging violations of these standards may pursue their allegations through the Commission's established complaint procedures. A complainant bears the burden of proof consistent with 66 Pa. C.S. §332 (relating to burden of proof) in regard to the allegations and may impose penalties for such violations pursuant to 66 Pa. C.S. §3301.

BINDING INTERIM STANDARDS OF CONDUCT (continued)

- (21) A natural gas distribution company shall file a compliance filing within sixty (60) days of the entry of an order approving or modifying a restructuring plan, which sets forth a detailed plan for compliance with this Standard of Conduct as well as the Commission's separation and cost allocation requirements already ordered.
- (22) Every natural gas distribution company and its affiliated natural gas supplier shall formally adopt and implement these provisions as their policy and shall take appropriate steps to train and instruct their employees in the content and application of these standards of conduct.

SERVICES PROVIDED TO NATURAL GAS SUPPLIERS**GENERAL TERMS AND CONDITIONS
APPLICABLE TO SUPPLIER SERVICES**1. SERVICE AGREEMENT1.1 Description.

A Natural Gas Supplier (NGS) licensed by the Pennsylvania Public Utility Commission and intending to supply customers on the Companies' system is required to enter into a service agreement, in the form prepared by the Companies, for Daily Aggregation and Balancing (DAB) Service and/or Monthly Aggregation and Balancing (MAB) Service. DAB is required to supply customers under daily delivery Rate Schedules L and GD. MAB is required to supply customers under monthly delivery Rate Schedules GMD, SGMD, and RMD.

1.2 Term.

Service agreements shall have an initial term of one year, and be renewed for successive one-year terms thereafter unless terminated by the NGS or the Companies upon written notice to the other not less than ninety (90) days prior to the end of a term. Notwithstanding the above, the Companies may terminate a service agreement at any time as provided for by law or by provisions of this Tariff. Agreements may become effective only on the first day of a calendar month.

2. CONDITIONS OF SERVICE2.1 Credit Qualification.

An NGS must meet the credit requirements established by the Companies for the quantity of gas proposed to be supplied. An NGS with insufficient assets may be required to post a cash deposit or other security acceptable to the Companies.

(a) Application - Applications for service under Rate Schedules DAB and/or MAB must be accompanied by a credit application, which can be obtained from the Companies' Internet website. Completed credit applications must be signed by a responsible corporate officer, and must include a current audited financial statement, annual report, 10-K reports or other filings with regulatory agencies which discuss the NGS's financial status, a list of all corporate affiliates, parent companies and subsidiaries, and any available reports from credit reporting and bond rating agencies. A non-refundable credit investigation fee of \$300.00 must accompany the application.

**GENERAL TERMS AND CONDITIONS
APPLICABLE TO SUPPLIER SERVICES (continued)**

2. CONDITIONS OF SERVICE (continued)

2.1 Credit Qualification (continued)

(b) Creditworthiness - NGSs categorized by the Companies as having an Investment Grade rating shall demonstrate an unsecured long-termed debt rating of 'Baa3' or better from Moody's Investors Service or 'BBB-' or better from Standard & Poors Corporation. NGSs not meeting Investment Grade criteria will be required to provide: (a) a credit guarantee letter from an Investment Grade affiliated company; or (b) security in the form of a cash deposit, a standby irrevocable letter of credit drawn upon a bank acceptable to the Companies, or a performance bond issued by a surety company acceptable to the Companies.

(c) Limits - A DAB Natural Gas Supplier with limited credit qualification shall be restricted as to the amount of gas that the Companies are obligated to accept for delivery to customers on any day. An MAB Natural Gas Supplier with limited credit qualification shall be restricted as to the size and/or number of customers assigned to its applicable aggregation pool(s). Such limits will remain in place until a new credit investigation and/or a new level of security deposit confirms that such limits should be changed.

(d) Reviews - The NGS is responsible for providing updated financial/credit information to the Companies: (a) upon the occasion of any significant change to the NGS's financial condition; or (b) routinely not less than sixty (60) days prior to the annual rollover of the NGS's service agreement(s) under Rate Schedules DAB and MAB. At that time, all security credit enhancements will be reviewed and renewed as applicable.

2.2 Communication Requirements. The NGS is responsible for providing to the Companies continuously-updated mailing and electronic addresses, as well as fax and voice telephone numbers, for communication of administrative and operational information on a 24-hour per day, 7-day per week basis. The NGS also is responsible for monitoring of the Companies' Internet website.

3. EMERGENCY CURTAILMENT

(C) Firm delivery services are not subject to curtailment or interruption except in accordance with the gas curtailment provisions of Section 10 of the Rules and Regulations of the retail Tariff. In the event of such curtailment or interruption, the NGS must sell to the Companies all or a portion of its supply of gas that is not being used to serve Priority One and/or Essential Human Needs customers at the higher of: (a) the NGS's cost of gas at the point of delivery to the Companies; or (b) the Companies' weighted average cost of purchased gas per DTH during the period delivery services are curtailed or interrupted.

**GENERAL TERMS AND CONDITIONS
APPLICABLE TO SUPPLIER SERVICES (continued)**

4. SPECIAL PROVISIONS

4.1 Title.

Receipt of gas by the Companies for daily or monthly delivery service shall not vest title to the gas in the Companies. Title to such gas shall remain vested in either the NGS or the customer(s) for whom gas was received for delivery. The Companies' furnishing of delivery service shall be complete upon delivery to the customer(s) of gas received.

4.2 Companies' Liability.

The Companies shall not be liable, under any circumstances or in any respect, to a customer, to a producer of gas, to an NGS, or to any other person or entity for damages arising either directly or indirectly from curtailment, interruption or termination of delivery service that is consistent with this Tariff, the applicable sections of the Public Utility Code, and the regulations of the Commission.

4.3 Supplier Liability.

The penalty and/or termination provisions of Rate Schedules DAB and MAB apply only to the specific aggregation and balancing services rendered thereunder. They do not absolve the NGS from liability in the event of a civil suit or any other claim of damages by producers, pipelines, customers or the Companies in conjunction with the NGS's failure to deliver required quantities of gas.

4.4 Customer Liability.

Customers of Natural Gas Suppliers served under Rate Schedule MAB shall not be liable for defaults by Natural Gas Suppliers or pool operators.

SERVICES PROVIDED TO NATURAL GAS SUPPLIERS

**DAILY AGGREGATION AND BALANCING
RATE SCHEDULE DAB**

1. AVAILABILITY

This service is available to any Natural Gas Supplier (NGS) licensed as such by the Commission, and is required for all NGSS of daily delivery service customers under Rate Schedules L and GD. The term aggregation refers to the combining (or pooling) of NGS deliveries to customers located in the same operating area. The term balancing refers to the reconciliation of the daily fluctuations between NGS deliveries and customer usage.

2. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions Applicable to Supplier Services contained in this Tariff shall apply to, and are part of, this Rate Schedule.

3. AGGREGATION

3.1 Supply Pools Updated Monthly.

The NGS shall provide to the Companies, electronically or in other format specified by the Companies, a listing of all customer accounts to be included in the NGS's aggregation pool(s) no later than 12:00 Noon on the third business day prior to the start of each calendar month. The Companies shall not be obligated to add or delete accounts at any time other than the start of a calendar month. Separate aggregation pools are required for each of the six separate operating areas of the Companies' system:

North Penn-West	Transcontinental
North Penn-East	Columbia-Ops Area 04
Texas Eastern	Columbia-Ops Area 08

3.2 Monthly Bill.

The standard monthly bill shall include the charges and/or credits related to balancing as described in Section 4.6 below.

3.3 Late Payment.

Bills not paid in full by their due date will be assessed a Late Payment Charge of 1.25% per month on the unpaid and overdue balance.

3.4 Coordination of Services.

Storage service (Rate Schedule S) purchased by an NGS, or purchased by a customer and assigned to an NGS, for use in the North Penn-East operating area, shall be utilized to balance the NGS deliveries and customer usage for the NGS's entire North Penn-East pool. Allocation of costs among pool members, if necessary, shall be the responsibility of the NGS.

RATE SCHEDULE DAB (continued)

4. BALANCING

4.1 Purpose.

Daily balancing is provided only for the inadvertent fluctuations between NGS deliveries and customer usage, and is not intended to be used for speculation as to energy prices, to borrow gas for later replacement, or to store gas for future use during periods of interruption or curtailment. The NGS shall use its best efforts, including ongoing communications with customers, to balance its daily purchases, nominations and deliveries with daily customer gas usage at all times.

4.2 Quantities.

The maximum daily quantity that the Company is obligated to receive into their system shall be the sum of the total daily capacities (TDC) of the customers in an aggregation pool. The Company may, however, upon notice to the NGS, refuse to accept daily quantities in excess of projected customer usage when required by system operating conditions.

4.3 Gas Day.

Each Gas day shall begin and end at 10:00 A.M. Eastern Standard or Daylight-Saving Time, as applicable.

4.4 Nominations.

The NGS shall provide to the Company, electronically or in other format specified by the Company, nominations for flowing gas no later than the nomination deadline of the interstate pipeline on which gas is being shipped to the Company's system.

4.5 Volume Adjustment.

The quantity of gas received into the Company's system for the NGS's account shall be based on the final interstate pipeline nomination for each day, as confirmed by the Company's gas control department, less two point nine percent (2.9%) for system use and line losses. Effective December 1, 2006, and December 1 thereafter, the Company will revise its retainage percentage applicable to volumes of gas delivered to PPL Gas for transportation customers' accounts annually in Section 1307(f) proceedings based on the actual annual average percentage for the five years ended two months before the tariff filing. (I)

(I) Indicates Increase

RATE SCHEDULE DAB (continued)4. BALANCING (continued)4.6 Limits and Charges.

Daily balancing shall be governed by the definitions, limits and charges set forth below:

- (a) Daily Delivery Quantity - NGS's confirmed pipeline nomination quantity, adjusted for system use and line losses.
- (b) Daily Usage Quantity - Gas used by the customers in an aggregation pool during the 24-hour period beginning and ending at 10:00 A.M. local time each day as recorded by the Companies' meter(s) at the customers' locations.
- (c) Allowable Daily Variation - A pool's daily usage quantity shall be within plus or minus five percent (+/-5%) of the NGS's corresponding daily delivery quantity. (C)
- (d) Daily Balancing Surcharge - If on any day a pool's daily usage quantity is more than 105% or less than 95% of the NGS's corresponding daily delivery quantity, the NGS shall be charged twenty cents (\$0.20) (twenty-five cents (\$0.25) effective April 1, 2001) for each DTH outside the allowable daily variation. (C)(I)
- (e) Daily Market Index Price - The highest and lowest of the prices published each day in *Gas Daily* under the heading "Citygate Prices" (in \$/mmBtu) for deliveries at "Tennessee 4-5", "Texas Eastern Zone M-3", and "Transco Z6 (non-NY)". Whenever a price is published as a range, the value used for that day will be the midpoint of the range.
- (f) Monthly Imbalance Reconciliation - Imbalances remaining at the end of a month in each pool shall be reduced to zero by cashing-out in accordance with the following schedule. All cost calculations shall reflect the appropriate adjustment for system use and line losses.
1. Monthly usage quantities that exceed monthly deliveries by up to two and one-half percent (2.5%) shall be purchased by the NGS at the highest market index price for the month. (C)
 2. Monthly usage quantities that exceed monthly deliveries by more than two and one-half percent (2.5%) shall be purchased by the NGS at the higher of: (a) 120% of the highest market index price for the month, or (b) 100% of the highest market index price for the month plus any overrun or penalty charges incurred by the Companies during the month related to supplies or services on the interstate pipeline system serving the pool as a result of the pool's imbalances. If more than one NGS pool caused the Companies to incur overrun costs or penalty charges, those overrun costs or penalty charges will be allocated among the pools based upon the quantity of each pool's imbalance that caused the overrun costs or penalty charges to be incurred. (C)

RATE SCHEDULE DAB (continued)4. BALANCING (continued)

3. Monthly delivery quantities that exceed monthly usage by up to two and one-half percent (2.5%) shall be purchased by the Companies at the lowest market index price for the month. (C)

4. Monthly delivery quantities that exceed monthly usage by more than two and one-half percent (2.5%) shall be purchased by the Companies at the lower of: (a) 80% of the lowest market index price for the month, or (b) 100% of the lowest market index price for the month minus any underrun penalties, deficiency payments or other forfeitures incurred by the Companies during the month related to supplies of services on the interstate pipeline system serving the pool as a result of pool's imbalance. If more than one NGS pool caused the Companies to incur underrun costs, such costs will be allocated among the pools based upon the quantity of each pool's imbalance that caused the underrun costs to be incurred. (C)

(g) Operational Flow Order Penalty Charges - When operating conditions require, the Companies shall notify the NGS, electronically or in other format specified by the Companies, of the issuance of an Operational Flow Order (OFO).

1. Notice of the commencement of an OFO shall be provided to the NGS not less than twelve (12) hours in advance. Notice of the termination of an OFO may be made at any time, and shall specify the effective date and time of the termination.

2. OFO notices will contain specific instructions as to the action(s) required of the NGS. Under high demand conditions, customer usage of gas in excess of quantities actually delivered by the NGS may not be permitted; under certain low demand conditions, deliveries of gas in excess of quantities actually used may be limited. Normal daily balancing tolerances may be reduced or eliminated for the duration of the OFO. The NGS shall be responsible for any communications with pool customers necessary for the NGS's compliance with OFO requirements.

3. Penalty charges for non-compliance with the daily limitations imposed by an underdelivery OFO for volumes taken in excess of the normal 5% allowable daily variation or the special allowable daily variation in the operational flow order, payable by the NGS, shall be equal to the greater of: (a) \$25.00 per DTH for underdeliveries during high demand conditions, or (b) the actual cost or penalty incurred by the Companies as a result of the violation by the NGS and/or the customers in an aggregation pool. (C)

RATE SCHEDULE DAB (continued)

4. Penalty charges for non-compliance with the daily limitations imposed by an overdelivery OFO, payable by the NGS, shall be equal to the greater of: (a) \$5.00 per DTH for overdeliveries during low demand conditions, or (b) the actual cost charges imposed by the interstate pipeline delivering gas supplies to the operating area which serves the customer(s) or to which the NGS has gas supplies delivered.

(h) Revenue Crediting - the revenues from balancing surcharges and penalty charges will be credited to, and all charges or credits for the reconciliation of monthly imbalances will be netted against, the Companies' current monthly cost of gas for system supply.

5. SERVICE TO INTERRUPTIBLE SERVICE CUSTOMERS

When the Companies determine that the available capacity in all or a portion of the Companies' system is projected to be insufficient to meet the requirements of all customers, deliveries to customers electing interruptible service must be curtailed or interrupted. The Companies will provide notice to the NGS, electronically or in other format specified by the Companies, as soon as practicable after notice is given to the affected interruptible service customers of the imposition or lifting of such curtailment or interruption. Any communication with interruptible service customers not related to the Companies' system capacity, such as may be required in conjunction with the NGS's obligation under Section 4.6(g) above, shall be the responsibility of the NGS.

SERVICES PROVIDED TO NATURAL GAS SUPPLIERS
**MONTHLY AGGREGATION AND BALANCING
RATE SCHEDULE MAB**
1. AVAILABILITY

This service is available to any Natural Gas Supplier (NGS), licensed as such by the Commission, and is required for all NGSS of monthly delivery service customers under Rate Schedules GMD, SGMD, and RMD. The term aggregation refers to the combining (or pooling) of NGS deliveries to customers located in the same operating area. The term balancing refers to the reconciliation of the differences between an NGS's uniform daily delivery quantity and actual customer usage, as well as the carryover of monthly imbalances.

2. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions Applicable to Supplier Services contained in this Tariff shall apply to, and are part of, this Rate Schedule.

3. AGGREGATION
3.1 Supply Pools

Separate aggregation pools are required for each of the six separate operating areas of the Companies' system:

North Penn-West	Transcontinental
North Penn-East	Columbia-Ops Area 04
Texas Eastern	Columbia-Ops Area 08

3.2 Firm Pipeline Capacity

The Companies will calculate the firm interstate pipeline capacity required to deliver, during the month of highest usage in a normal annual cycle, the average daily flowing gas requirements of all customers in a pool. This calculation will be made each month, subsequent to the deadline for monthly delivery service customers to make their NGS selection. The Companies will inform the NGS, electronically or in other format specified by the Companies, no later than the tenth day of the month preceding the flow of gas as to the total level of firm pipeline capacity (the total daily capacity - TDC) required to serve the pool. Subject to the additional provisions of Sections 3.3 and 3.4 below, the NGS will be required to certify the possession of firm pipeline capacity resources at the required level upon request by the Companies, the Commission, or other lawful authority.

RATE SCHEDULE MAB (continued)**3.3 Release of Pipeline Capacity Held by the Companies**

In conjunction with this service, but subject to Paragraph 3.4 below, the Companies will release to the NGS sufficient firm pipeline capacity to transport to the applicable pipeline delivery point(s), in the month of highest usage in a normal annual cycle, the average flowing gas requirements of all customers in a pool. However, in any month, the quantity released shall not be less than 100 DTH/day for each supply pool. Releases of capacity will be made at the same pipeline tariff rate otherwise payable by the Companies, and will be recallable by the Companies in the event of delivery failure by the NGS. There will be no restrictions under this Tariff on the NGS's use of the released capacity at such times that it is not required to deliver gas to the Companies' system.

3.4 Termination of Pipeline Capacity Contracts

The capacity release process set forth in Section 3.3 above will continue at least until the expiration dates of the respective pipeline contracts. Not less than eight months prior to the termination notice date specified in a pipeline capacity contract, the Companies will issue a request for proposals to existing NGSs in the applicable operating area of the Companies' system to determine if the Companies should terminate, renew, or replace such contract. The Companies will notify the affected interstate pipeline company. The Companies will terminate a proportionate share of the capacity contract if: (1) the NGSs demonstrate that they will provide comparable firm capacity to serve the applicable customer requirements; (2) the NGSs agree to assign such comparable firm capacity at the contracted price to the Companies upon the Companies' request in the event of a reduction in the NGS's level of service or the termination of service by an NGS; and (3) the Commission approves such comparable capacity. Comparable capacity must have firm capacity rights sufficient in volume and duration (with renewal rights) to serve the customers to be served by the NGS, and must have primary delivery rights into the pipeline delivery points held by the Companies. The timeline for this process is summarized as follows:

- Issue request for proposals, evaluate responses: 45 days
- Companies - Supplier negotiations: 60 days
- PUC approval of new capacity arrangements: 75 days

Time required: 180 days, or 60 days prior to contract termination notice date. An NGS with comparable capacity must use that capacity in lieu of capacity released by the Companies.

3.5 Normal Monthly Flow Requirements.

The Companies shall advise the NGS, electronically or in other format specified by the Companies, as to the uniform daily flow rate required for the month, up to the TDC assigned to the pool. The daily quantity to be scheduled for the beginning of a month shall be provided to the NGS no later than 12:00 Noon on the third business day prior to the deadline for pipeline nominations for the first day of the month. The NGS must cause the scheduled amount to be delivered to the designated point(s) on the Companies' system each day of the month.

RATE SCHEDULE MAB (continued)

3.6 Special Flow Requirements

The Company reserves the right, in the event of unforeseen operating conditions on an interstate pipeline or their own system, to adjust an NGS's flow requirements to either increase the daily rate to a specific level up to the full TDC, or to lower the daily rate to a specific level, during any month. The Company will exercise reasonable efforts to provide not less than forty-eight (48) hours notice of such a change; however, the NGS should recognize that emergency conditions may result in a shorter notice period.

3.7 Volume Adjustment

The quantity of gas received into the Company's system for the NGS's account shall be based on the final interstate pipeline nomination for each day, as confirmed by the Company's gas control department, less 2.8% (C) for system use and line losses. Effective December 1, 2006, and December 1 thereafter, the Company will revise its retainage percentage applicable to volumes of gas delivered to PPL Gas for transportation customers' accounts annually in Section 1307(f) proceedings based on the actual annual average percentage for the five years ended two months before the tariff filing.

3.8 Measurement

No additional metering or communication equipment is required at an individual customer location. Customer meters will continue to be read on their normal monthly cycle. For purposes of an NGS's aggregation pool, the customer usage for a specific month will be assumed to equal the quantities recorded on meter routes completed during that billing month, without regard to the beginning or ending date of any specific cycle.

3.9 Billing Information

The Company will provide to the NGS, in an electronic format established by the Company, a data file containing customer account numbers, meter usage, and corresponding metered readings for supply billing purposes. Such information will be provided to the NGS no later than 12:00 Noon on the business day following the day a meter is read. The NGS will be responsible for obtaining the appropriate equipment and software necessary to accomplish the electronic exchange of data with the Company.

(C) Indicates Change

RATE SCHEDULE MAB (continued)**3.10 Single-Bill Option**

For customers electing to receive a single bill prepared by the Companies for both supply and distribution services, the NGS will have two business days to perform its supply billing calculation and return the results to the Companies. After 12:00 Noon on the second business day following the presentation of the billing information pursuant to Section 3.9 above, the Companies will render to the customer a single bill which contains both supply and distribution service charges. If the NGS fails to return the results of its billing calculation in the prescribed time, the Companies will render a bill that includes only the Companies' distribution service charges. The bill will include a message informing the customer that the NGS did not return the supply billing information in time, and that such charges will be included on the next month's bill.

- (a) Billing Service for NGSs - The Companies will charge the NGS pursuant to Section 5.1 below.
- (b) Payment Settlement - The Companies will allocate payments to a customer's balance based on the guidelines issued by the Commission. Customer payments received during a month which are allocated to the portion of the bill representing the NGS's charges will be paid to the NGS by the Companies' check issued no later than the tenth day of the following month.

4. BALANCING**4.1 Description**

Fluctuations between actual daily customer usage by the pool and the levelized gas flow required of the NGS will be balanced by the Companies through the use of their on-system and/or contract storage capabilities. Fluctuations between actual monthly customer usage by the pool and gas provided by the NGS will be balanced by the Companies by adjusting subsequent monthly flow requirements, or, in the event of termination, by the cashout procedures set forth in Section 4.2(d) below.

4.2 Charges and Performance Requirements

Balancing will be accomplished through the provisions set forth below:

- (a) Load Following Charge - For each DTH used by the customers in an NGS's pool during a month, the NGS will be billed a charge that represents the Companies' total annual fixed and variable storage costs, peaking supply costs, and supply inventory costs paid to outside sources divided by total weather-normalized firm sales and monthly delivery service quantities. This charge is recalculated and adjusted, if necessary, in conjunction with the Companies' annual purchased gas cost proceeding.

RATE SCHEDULE MAB (continued)

4. BALANCING (continued)

- (b) Failure of Supply, First Occurrence - In the event that the NGS fails to deliver the scheduled quantity of gas on any day, the Companies shall impose a penalty charge equal to the greater of any actual penalty imposed upon the Companies as a result of the violation by the NGS, or \$25.00, for each DTH below the scheduled quantity. The NGS also shall provide make-up deliveries of the deficient quantity in coordination with the Companies' gas control department.
- (c) Failure of Supply, Second Occurrence - In the event that the NGS fails to deliver the scheduled quantity of gas on any day more than once in any three-year period, all of the provisions of Section 4.2(b) above shall apply. In addition, subsequent to a reasonable notice period not to exceed ninety (90) days, the NGS shall be prohibited from marketing gas to monthly delivery service customers anywhere on the Companies' system for a period of three (3) years.
- (d) Supply Pool Termination - In the event of the termination of an NGS's pool under this Rate Schedule for any reason, the following provisions shall apply:
1. Any remaining imbalance will be cashed out by a sale or purchase by the Companies at a rate equal to the average of the highest and lowest daily market index prices (see Rate Schedule DAB, Section 4.6(e)) for the most recent two (2) months.
 2. In addition to other required notifications, the NGS shall notify each affected customer, in writing, not less than sixty (60) days prior to the scheduled termination date. The NGS shall exercise its best efforts to inform customers as to other active NGSs, and shall provide customers with all information and materials necessary to choose another the NGS in accordance with the Companies' established procedures. In the event the NGS fails to meet this obligation, the Companies will assume such responsibilities, and the NGS shall reimburse the Companies for all expenses incurred.
- (e) Revenue Crediting - The revenues from the load following charge and any penalty charges will be credited to, and all termination charges or payments will be netted against, the Companies' current monthly cost of gas for system supply.
- (f) Customer Liability - Customers of Natural Gas Suppliers served under Rate Schedule MAB shall not be liable for defaults by Natural Gas Suppliers or pool operators.

RATE SCHEDULE MAB (continued)

5. CHARGES

5.1 Monthly Bill

The standard monthly bill shall consist of the sum of billings for the services below:

Load Following Charge: \$ 0.3892 per DTH used by customers
Billing Service Charge: \$ 0.28 per customer electing Single-Bill Option

5.2 Late Payment

(I) Bills not paid in full by their due date will be assessed a Late Payment Charge of 1.50% per month on the unpaid and overdue balance.