

UGI PENN NATURAL GAS, INC.

RATES AND RULES GOVERNING THE FURNISHING
OF NATURAL GAS SERVICE
IN
THE TERRITORY DESCRIBED HEREIN

Issued: September 14, 2009

Effective: August 28, 2009

ISSUED BY:

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NOTICE

THIS TARIFF MAKES CHANGES IN EXISTING RATES (See Page 2)

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Section 3 - Rate Adjustments - Page 7

Ø Tariff reference updated.

Definitions - Page 10

Ø Remove 4 (a) (i).
Ø Renumber 4 (a) (iii) to 4 (a) (ii).

Definitions - Page 11

Ø Remove 4 (b) (iii).
Ø Remove 14.

Definitions - Page 12

Ø Remove 15 and 16.
Ø Renumber 17 to 14.
Ø Scheduling of Receipts and Deliveries update 2.

Scheduling of Receipts and Deliveries - Page 13

Ø 5. Tariff reference updated and storage removed.

Monthly Balancing - Page 14

Ø Tariff reference updated.
Ø Billing: remove B and C and renumber D and E to B and C

Load Management - Page 15

Ø Tariff reference updated.

Curtailement - Page 16

Ø Tariff reference updated.

Construction of Facilities - Page 17

Ø Tariff reference updated.

Storage Service - Page 17A

Ø Storage Service removed.

Storage Service - Page 17B

Ø Storage Service removed.

Rates and Charges - Page 17C

Ø Removed B and D.
Ø Renumbered C to B.

Rates and Charges - Page 17D

Ø Removed E, F, and G.
Ø Removed 3 Storage Charge.

Rates and Charges - Page 17E

Ø Removed 3 Storage Charge.

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LIST OF CHANGES MADE BY THIS SUPPLEMENT

Contract Period - Page 17F

Ø Removed 3 Storage Service.

Rate Schedule - Page 18

Ø Decreased Maximum Transportation Rate.

Ø Daily Balancing Rate - Tariff reference updated.

Rider D - State Tax Adjustment Surcharge - Page 21

Ø Decreased State Tax Surcharge.

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Rider D - State Tax Adjustment Surcharge	21 - Third Revised	(C)
BLANK	22 - First Revised	
BLANK	23 - First Revised	

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

Issued: December 11, 2006

Effective: December 21, 2006

Supplement No. 3
First Revised Page No. 4
to UGI Penn Natural Gas Tariff Pa. P.U.C. No. 1
Cancelling
First Revised Page No. 4
to Southern Union Tariff Gas Pa. P.U.C. No. 1

UGI PENN NATURAL GAS, INC.

TERRITORY COVERED BY THIS TARIFF

Wyoming County

Mehoopany Station Plant of
The Procter and Gamble Paper Products Company,
Washington Township, Wyoming County, Pennsylvania

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase
Issued: December 1, 2006 Effective: December 2, 2006

NATURAL GAS SALES CONTRACT

AGREEMENT effective September 1, 1976, by and between PNG, a Pennsylvania Corporation having its principal office at One PEI Center, Wilkes-Barre, Pennsylvania, (hereinafter called "Seller") and THE PROCTER AND GAMBLE PAPER PRODUCTS COMPANY, an Ohio Corporation having its principal office at East Sixth and Sycamore Streets, Cincinnati, Ohio, (hereinafter called "Buyer"),

WITNESSETH:

WHEREAS, Seller owns and operates a natural gas distribution system in Northeastern Pennsylvania and as a part of such system has been authorized to supply the public with gas in the Township of Washington in Wyoming County, Pennsylvania, by the Pennsylvania Public Utility Commission; and

WHEREAS, Buyer owns and operates a manufacturing plant, known as its Mehoopany Station Plant, in Washington Township, Wyoming County, Pennsylvania; and

WHEREAS, Seller is willing to supply on a firm basis such gas as Buyer desires to purchase,

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties hereto, hereinafter set forth, the parties hereto, intending to be legally bound hereby, covenant and agree to and with each other as follows:

Section 1 - Gas to be Sold and Contract Demand

Subject to the provisions of this Contract, Seller agrees to sell and deliver a maximum of 13,000 MCF of natural gas per day to Buyer at its Mehoopany Station Plant, and Buyer agrees to pay Seller for all of the firm natural gas service requirements of the aforesaid Plant.

Section 2 - Price, Minimum Bill, Billing and Payment

- A. The billing period shall be the calendar month.
- B. For Seller's Obligation to supply gas and for all gas delivered under this Contract during each billing period, Buyer agrees to pay Seller the following rates at 14.73 psia:

Customer Charge		\$ 3,800.00	
for First	1,000 MCF	11,211.27	(D)
per MCF	next 2,000 MCF	11.2115	(D)
per MCF	next 7,000 MCF	10.9673	(D)
per MCF	next 70,000 MCF	10.7716	(D)
per MCF	next 70,000 MCF	10.5769	(D)
per MCF	All additional MCF	9.4904	(D)

UGI PENN NATURAL GAS, INC.

- C. Minimum bill shall be \$5.516 per MCF of maximum daily demand, provided, however, that upon 60 days advance notice of scheduled maintenance shutdown given by Buyer to Seller, the minimum bill shall be reduced by a fraction, the numerator of which shall be the number of days of such scheduled shutdown and the denominator of which shall be the number of days in the calendar month, provided further, however, that such reduction shall not be applied to more than seven (7) days in any one calendar month nor more than fourteen (14) days in any contract year.
- D. It is further provided, that in the event of curtailment in the delivery of gas by the Seller or complete or partial suspension of operation by the Buyer occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary or permanent failure of gas supply, inability to obtain pipe, materials, or equipment, the binding order of any court or governmental authority, or any other cause, whether of the kind here enumerated or otherwise, not within the control of Seller or Buyer, the minimum charge shall be reduced by the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.
- E. Billing - Seller agrees to bill within five (5) working days after the end of each billing period and Buyer agrees to pay within fifteen (15) calendar days from the date thereof. Should Buyer fail to pay any amount when due, interest thereon shall accrue at the rate of six percent per annum from the due date until the date of payment. If such failure to pay shall continue for a period of thirty (30) days after payment is due, Seller in addition to any and all other remedies it may have, may suspend further deliveries of gas to Buyer until such amount is paid. If presentation of a statement is delayed, then time for payment shall be extended correspondingly, unless Buyer is responsible for the delay.
- F. If within twelve (12) months of the date of payment it shall be found that Buyer has been overcharged or undercharged in any form whatsoever and Buyer shall have actually paid the bills containing such overcharge or undercharge, then within thirty (30) days after the final determination thereof, Seller shall refund the amount of any such overcharge with interest thereon at the rate of six percent per annum from the time such overcharge was paid to the date of refund, and Buyer shall pay the amount of any such undercharge but without interest.

Section 3 - Rate Adjustments

The rates listed in Section 2 shall be subject to the following adjustments:

- A. Penalty clause adjustment for unauthorized daily overrun as set forth in Section 4.

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- B. Penalty Clause Adjustment for unauthorized takes of authorized entitlements as contained in PNG Gas - PA P.U.C. No. 8 Tariff Rule 15 Gas Emergency Planning Curtailment and Rule 16 General Terms for Delivery Service for Rates DS, LFD, XD, and IS.
- C. Applicable charges included in Rider D.

Section 4 - Overrun

- If Buyer without authorization from Seller shall take a volume of gas hereunder, on any day which is in excess of 102 percent of Seller's delivery obligation set forth in Section 1 hereof, or as such section may be amended hereafter, all gas taken by Buyer in excess of Seller's delivery obligation shall be considered as Unauthorized Daily Overrun Gas and Customer shall be billed and shall pay for such excess gas at the rate to be calculated in compliance with PNG Gas - Pa. P.U.C No. 8 Section 16.5 Maximum Daily Excess Balancing Charge, in addition to the charges specified in the Rate Table and applicable gas costs.

Section 5 - Title to Gas and Indemnity Provisions

Title to all gas delivered to Buyer shall vest in Buyer at the point of delivery on the outlet side of the measuring station of Seller. Buyer and Seller, respectively, shall be solely responsible for, and shall indemnify the other and save it harmless from any and all damages or injuries, or liabilities therefor, caused by the gas in its possession or arising out of the maintenance or operation of its equipment and not due to or contributed to by the act or omission of the other.

(C) Section 6 - Character of Service

(a) It is agreed that the Rules and Regulations as contained in PNG Gas - PA P.U.C. No. 8 Tariff are applicable to this Contract and are made a part hereof by reference.

- (b) It is agreed that the gas to be delivered under this Contract shall be considered as firm gas and shall not be subject to interruption or curtailment except as contained in PNG Gas - PA P.U.C. No. 8 Tariff Rule 15 Gas Emergency Planning.

Section 7 - Delivery Pressure

Gas delivered to Buyer hereunder shall be delivered at a minimum pressure of 25 pounds per square inch gauge and shall not exceed a pressure of 100 pounds per square inch gauge within 1,000 feet of any of the Buyer's buildings on Buyer's property. If Buyer desires to erect buildings within the prohibited area, Buyer agrees to reimburse Seller for any expense it may incur in relocating its facilities to comply with this provision.

Section 8 - Changes in Amount of Gas to be Sold

- (a) Buyer shall have the right to request an increase in the volume of gas to be purchased as described in Section 1 hereof, upon giving Seller written notice of said desired increase. Upon agreement of Seller to supply any such increase in the volume of gas, Buyer and Seller shall execute an amendment to this Contract setting forth the increased Daily Demand and the date such new Daily Demand shall become effective, subject to Section 10 hereof, dealing with Governmental Authorization.
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(b) Buyer shall have the right to decrease the maximum Daily Demand upon giving Seller written notice of said decrease at least six (6) months in advance, provided however, that the Daily Demand shall not be below 1,500 MCF per day during the primary term of the contract as described in Section 9.

Section 9 - Term

The primary term of this Contract shall be for a period of two (2) years commencing on September 1, 1976 and terminating on August 31, 1978, and shall be renewable from year to year thereafter, provided, however, that either party may cancel this Contract at the end of the primary or any renewal term by giving the other party six (6) months advance written notice of such cancellation. Further provided that if either Buyer or Seller desires to terminate the Contract or decrease the maximum Daily Demand in less than six (6) months, each party will, on a best efforts basis, comply with the reduced notice period. Seller will attempt to sell the quantity of gas elsewhere or reduce obligations to its suppliers. Buyer will attempt to locate and purchase alternate fuels at a delivered price on a BTU equivalent basis equal to or less than the prevailing price under Section 2 of this Contract.

Section 10 - Governmental Authorization

It is understood and agreed that the obligation of the Seller to deliver firm gas hereunder, whether as set forth in Section 1 hereof or as increased under Section 8(a) hereof, is subject to authorization from Governmental agencies having jurisdiction with respect to such service, and also subject to the filing of this Contract by Seller as a tariff or any amendment thereof as a supplement thereto, with the Pennsylvania Public Utility Commission and the acceptance thereof by said Commission.

Section 11 - Failure or Delay in Performance

No failure or delay in performance by Seller or Buyer shall be deemed a breach hereof when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary or permanent failure of gas supply, inability to obtain pipe, materials or equipment, the binding order of any court or governmental authority, or any other cause, whether of the kind here enumerated or otherwise, not within the control of Seller or Buyer. If such cause or contingency results in Seller not having the volume of gas available as provided for in Section 1 hereof or only partly available for Buyer, the minimum bill will be adjusted in accordance with Section 2 of this Contract. If such cause or contingency results in Buyer not being able to take the volumes of gas otherwise required to be purchased hereunder, Buyer shall pay Seller for the volumes of gas actually taken at the commodity charges provided in Section 2 or as modified if appropriate pursuant to Section 3 of this Contract.

Section 12 - Notices

Any notice required or which may be given hereunder shall be in writing and shall be considered as duly delivered when mailed, postage prepaid, by certified or registered mail properly addressed to Seller or Buyer as follows:

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Issued: December 1, 2006 Effective: December 2, 2006

UGI PENN NATURAL GAS, INC.

Seller: Pennsylvania Gas and Water Company
Marketing Division
39 Public Square
Wilkes-Barre, Pennsylvania 18711

Buyer: The Procter and Gamble Paper Products Company
Buying Department, Post Office Box 599
Cincinnati, Ohio 45201

or to such other address as either party may from time to time designate in writing, a change of address to be effective ten (10) days after notice thereof is given.

Section 13 - Successors and Assigns

Neither party hereto shall assign this Contract or any of its rights or obligations hereunder without the consent in writing of the other party; provided that Buyer may, without such consent, assign this Contract and all its rights and obligations hereunder to any party which shall acquire substantially all the assets of Buyer's Mehoopany Station Plant. The provisions of this section shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this Contract or its rights hereunder to secure the payment of any bonds, or other indebtedness of such party.

IN WITNESS WHEREOF, the parties hereto have duly executed this Contract.

(Seal)
Attest

PENNSYLVANIA GAS AND WATER COMPANY (Seller)

/s/ Robert Anthony

/s/ Leslie M. Ward, Vice President

(Seal)
(Buyer)
Attest

THE PROCTER AND GAMBLE PAPER PRODUCTS CO

/s/ Rita M. Neago

/s/ Walter D. Johann, Vice President

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FIRM TRANSPORTATION SERVICE - SCHEDULE TS (CONTINUED)

FIRM TRANSPORTATION SERVICE - SCHEDULE TS

AVAILABILITY

(C) This service is available to the Mehoopany Station Plant of the Procter and Gamble Paper Products Company (hereinafter "Customer"). A Transportation Agreement must be executed. The terms of such Transportation Agreement may supersede any terms and conditions of service contained within this Schedule TS, including but not limited to Monthly Customer Charge, Commodity Charges, Standby and Balancing.

DEFINITIONS

Whenever used in this rate schedule, the following definitions shall apply:

1. The term "Billing Month" shall mean the period between regularly scheduled meter reading dates.
2. The term "Customer Designated Representative" shall mean any party who a Customer contracts to represent them in matters related to transportation of gas. Each Customer must file a Customer Agency Authorization Form with the Company at least thirty (30) days prior to the representative assuming said duties. It is the Customer's responsibility to notify the Company in writing whenever it no longer desires to be represented by an existing Customer Designated Representative. The Customer, and not the Company, shall be held legally and financially responsible for all actions performed by the Customer Designated Representative.
3. The term "Company Transportation Allocation Form" shall mean any form designated by the Company for the purpose of receiving a month end delivery volume accounting from a Customer or Customer Designated Representative for administrative system control over non-Company natural gas delivery allocations.

4. "Imbalance" shall mean the difference between

(a) the sum of

- (i) the volume of gas received by the Company for the Customer's account during the Billing Month, less the retainage for gas lost or unaccounted for in Company operations, and

(C) (ii) any Standby volumes; and

(b) the sum of

- (i) any prior period Allowable Negative Imbalance, and
- (ii) the volume of gas actually used by the Customer during the Billing Month, and

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FIRM TRANSPORTATION SERVICE - SCHEDULE TS (CONTINUED)

- (C)
5. The term "Positive Imbalance" shall mean any Imbalance which is a result of a customer using less gas than was delivered to the Company for the Customer during the Month. Positive % Monthly Imbalance is determined by dividing the Positive Imbalance by the product of the number of days in the month times the Maximum Daily Transportation Quantity stated in the Transportation Agreement.
 6. The term "Negative Imbalance" shall mean any Imbalance which is a result of a customer using more gas than was delivered to the Company for Customer during the Month.
 7. The term "Allowable Negative Imbalance" shall mean a volume equal to or less than two and one-half percent of the product of the number of days in the Billing Month multiplied by the Maximum Daily Transportation Quantity stated in the Transportation Agreement.
 8. The term "Excess Negative Imbalance" shall mean any Imbalance greater than the Allowable Negative Imbalance of 2.5%.
 9. The term "Master Meter" shall mean a meter used to measure natural gas production volumes from a Pennsylvania production well(s), flowing directly into an interstate pipeline facility.
 10. The term "Nomination Form" shall mean any form created by the Company for the purpose of maintaining distribution and administrative system control over non-Company natural gas deliveries.
 11. The term "Acceptable Nomination Form" shall mean any fully completed Nomination Forms, which has been received and accepted by the Company within the required timetable set forth by the Company.
 12. The term "Pool(s)" shall mean any physical or accounting collection of natural gas volumes for the purpose of transportation and/or sale whose sources and delivery month volumes of natural gas are not directly traceable to a unique well or wells.
 13. The term "Standby Service Volumes" shall mean the maximum daily volume that will be provided to the Customer by the Company under the Standby Service provisions of this rate schedule.

(C)

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

- (C) 14. The term "Aggregator" shall mean a Customer Designated Representative that represents more than one account on the UGI Penn Natural System.

RETAINAGE

The Company shall retain a percentage of the gas received for the Customer's account as gas lost or unaccounted for in Company operations. The percentage shall be .524% and remain in effect for a period of seventy-two (72) months beginning on March 5, 1998 with subsequent reviews and updates occurring in future rate proceedings. Rate referenced on page no. 18.

The Company shall retain a percentage of the gas injected into or withdrawn from storage based on the actual percentage of fuel shrinkage accessed by the operators of the storage facility to the Company. The Company shall publish this percentage monthly.

SCHEDULING OF RECEIPTS AND DELIVERIES

1. The Customer or the Customer's Designated Representative shall notify the Company's Gas Dispatchers, by use of the currently effective present Company Nomination Form, as to the volume of gas expected to be used by the Customer and the volume of gas scheduled to be delivered to the Company for the upcoming month. Such notification shall be delivered to the Company's Gas Dispatcher seven (7) business days prior to the month of scheduled delivery or on such other basis as may be deemed satisfactory by the Company. Nomination Forms may be rejected by the Company Dispatcher when sufficient pipeline or source information is not provided with the Nomination Form.
2. By noon of the first business day following the delivery month, each Customer or Customer Designated Representative shall deliver to the Company's Gas Dispatcher a complete written volume allocation of gas, by contract, listing allocations of Pennsylvania and non-Pennsylvania produced gas deliveries by individual Customer meter location. Failure to do so will result in the suspension of deliveries of gas for ten (10) business days. The Company has the right to waive or shorten this time period for good cause shown.
3. The Company will only accept daily deliveries less than or equal to the Customer's Maximum Daily Transportation Quantity. Deliveries may be curtailed or reduced by the Company Dispatcher if the deliveries conflict with the Company's daily gas system operations. If deliveries are curtailed or reduced, the Company is under no obligation to accept deliveries which are in excess of the Customer's contracted Maximum Daily Transportation Quantity in order to compensate for gas not delivered during a curtailment period.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

4. The Company shall determine acceptable delivery points on the Company's distribution system in conjunction with the physical or operational restrictions of the system.
5. If the Customer expects to use more gas in a month than will be delivered for its account, and if the volumes available under the Standby Service are not sufficient to meet the Customers needs, or if the Customer has not requested that the Company provide Standby Service, service will be provided only when, as reasonably determined by the Company, an adequate supply of gas is available to provide such service without jeopardizing service to other Customers purchasing gas under the Company's regular sales rate schedules in any manner including, but not limited to, the reduction of storage levels to unacceptable low levels, or inhibiting the ability of the Company to inject gas into storage. If the Company determines that such service can be provided, the Customer shall be billed under the Load Management section of this rate schedule. If, as reasonably determined by the Company, such service cannot be provided, the Company shall notify the Customer that service is not available and that the Customer should cease using gas. If the Customer continues to use gas in violation of such notice, Customer shall be billed and shall pay for such excess gas at the rate to be calculated in compliance with PNG Gas - Pa. P.U.C No. 8 Section 16.5 Maximum Daily Excess Balancing Charge, in addition to the charges specified in the Rate Table and applicable gas costs. The Company reserves the right to waive any penalty charge.
6. If the Customer or the Aggregator is unable to schedule sufficient gas to meet their needs, the Customer or Aggregator may request for additional gas supplies from the Company. The Company will, on a best efforts basis, supply this gas. The Customer or Aggregator will make a nomination to the Company's Gas Dispatcher reflecting the amount of additional gas they will need for the following day. The Company will then determine if it has sufficient resources to honor all requests for additional supplies. If the Company determines they are unable to meet all requests for gas, each request will be delivered a pro rata share, based on nominations, of the total available. Each Customer or Aggregator requesting service will be charged for the gas based on the average spot gas purchase price for all gas purchased under this subheading plus the actual charges to deliver the gas from the well head to the UGI Penn Natural Gas system plus an administrative charge. The Customer or the Aggregator will still be responsible for any Balancing Charges that may be applicable.

DAILY BALANCING

1. All Customers' deliveries shall be balanced daily. Customers, whose Customer Designated Representative is termed an Aggregator, shall be daily balanced their Aggregator's total deliveries being daily balanced.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

2. In order to be termed an Aggregator for Daily Balancing purposes, the Customer Designated Representative must establish an account with UGI Penn Natural Gas. The Customer must also establish satisfactory credit with UGI Penn Natural Gas or deposit with UGI Penn Natural Gas a sum equal to two (2) months delivery for all accounts times the Daily Balancing Rate.
3. Customer or their Aggregators will be allowed to deliver to their account(s) each day their actual gas requirements +/- 2.5% of the actual deliveries for that day. If actual deliveries are less than the allowable delivery or greater than the allowable delivery, the difference between the allowable delivery and the actual delivery will be assessed a Balancing Charge.
4. The Balancing Charge shall be calculated by taking the difference between the allowable delivery and the actual delivery and multiplying by the Daily Balancing Rate. For the purpose of this calculation, the difference between allowable delivery and actual delivery will be treated as a positive number.
5. At the end of the month the Customer or the Aggregator will be billed for the total of all Balancing Charges accrued during that month. All payments shall be in accordance with Rule 9 of this tariff.

MONTHLY BALANCING

1. If an Imbalance occurs in any month, the Company shall notify the Customer as to the amount of the Imbalance. The Imbalance shall be maintained for the duration of the Billing Month unless reduced or eliminated. During the Billing Month, the first gas received by the Company for the Customer's account shall be charged against the prior period Allowable Negative Imbalance and, if sufficient in quantity, shall eliminate, and terminate the accounting for the Allowable Negative Imbalance.
2. Any Excess Negative Imbalance in the current Billing Month shall be billed by purchasing gas from the Company as provided for in Schedule B of the Load Management section of this rate schedule.
3. When the Customer has caused a Positive Imbalance as the result of using less gas than was delivered to the Company, any Positive Imbalance at the end of the Billing Month shall be subject to the terms of Schedule A of the Load Management section of this rate schedule.
4. Beginning with the month of termination of service under this rate schedule, the Customer shall have a one (1) month period to eliminate any Imbalance condition.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

5. If any provisions of balancing, in any month, causes the Company to incur penalties from its pipeline supplier(s) for Customer(s) deliveries, then the Customer(s) causing the penalty shall be subject to a pro rata portion of such penalties.
 6. Allowable Negative Imbalances shall be eliminated by the first gas received by the Company for the Customer's account during the Billing Month. On April 1st of the contract year, the Customer may contract to have all Allowable Negative Imbalances billed under Rate N for which the Customer would qualify during any Billing Month for the purpose of eliminating any Allowable Negative Imbalance during the Billing Month.
- (C)

BILLING

1. In any billing month, the volume of gas used by the Customer shall be billed as if the gas is delivered in the following sequence unless otherwise agreed to by the Company and the Customer:
 - (a) any Allowable Negative Imbalance carried over from a prior billing month;
 - (C) (B) Standby Service, where applicable; and
 - (C) (C) Positive Imbalances or Excess Negative Imbalances for the current billing month as determined under the Load Management section of this service schedule.
2. Standby Service Volumes shall be billed at the rates included in the regular sales rate schedule under which service would otherwise be provided, less the Standby Credit as provided for under the Rates and Charges section of this rate schedule.
3. If any Imbalance, in any month, causes the Company to incur penalties from its interstate pipeline supplier(s) for Customer(s) deliveries, then the Customer(s) causing the penalty shall be subject to a pro rata portion of such penalties.
4. Payment for any Excess Negative Imbalance under the Load Management section of this rate schedule and the payment or waiver of any penalty shall terminate and eliminate the accounting for the Excess Negative Imbalance.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

LOAD MANAGEMENT

1. A Customer's monthly Imbalance for the purposes of this Load Management program shall be the net cumulative total of daily variances adjusted for make-up quantities and Imbalance trades.
2. Should there be any Positive Imbalance remaining at the end of the Billing Month, the Customer shall have the right to transfer such Imbalance to another transportation Customer of the Company. Any Positive Imbalance which is transferred to another Company Customer, shall be subject to a surcharge of \$0.25 per MCF of Imbalance transferred. The Company shall have the right to waive any surcharges. If a transfer of the Positive Imbalance does not occur, or the transfer does not completely clear the Positive Imbalance, then, the
(C) Company shall pay the Customer in accordance with PNG Gas - Pa. P.U.C No. 8 Section 16.3.c Imbalance Resolution.
- (C) 3. Any Excess Negative Imbalance shall be billed the rates contained in accordance with PNG Gas - Pa. P.U.C No. 8 Section 16.3.c Imbalance Resolution.
4. For the purpose of determining the level at which an Imbalance shall be eliminated, the escalating or declining percentage of the Index Price will apply only to the portion of the Imbalance outside each tolerance level.
5. The amounts due hereunder shall be paid in accordance with the General Terms and Conditions of the Company's Tariff.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

CURTAILMENT

- (C) 1. Service under this rate schedule may be interrupted or curtailed under PNG Gas - PA P.U.C. No. 8 Tariff Rule 15 Gas Emergency Planning during periods of gas supply shortages when service is threatened to customers classified as Priority 1. However, if the firm transportation Customer has less than the full Standby service required to meet its Maximum Daily Transportation Quantity, then, service above and beyond the Customer's DFR or Standby requirement shall be considered Interruptible service. The Customer must agree to sell, on a daily basis, the volumes of gas scheduled or nominated for delivery to the Company by an interstate pipeline. Such sales shall continue only during the duration of a gas supply shortage and shall not be required unless service to all customers in all priorities other than Priority 1 is interrupted or curtailed. The Customer must agree to sell its supply of gas to the Company at a rate equal to the higher of the Customer's total purchase cost (including pipeline transportation charges) or the weighted average commodity cost of all gas purchased by the Company during the month.
2. Payment by the Company shall be made within ten (10) days after receipt of an invoice and supporting documentation from the customer.
3. Service under this rate schedule may be interrupted or curtailed whenever the Company's pipeline capacity is insufficient to meet the needs of all Customers in the area in which the transportation Customer is located. The transportation Customer shall be interrupted or curtailed in the same manner as Customers served under the Rate XD Schedule contained in PNG Gas - PA P.U.C. No. 8 Tariff.
- (C) 4. Should it become necessary, for the reasons stated in paragraph 1 above, for the Company to use gas held in storage for the Customer under the Storage Service provisions of this rate schedule, the Company shall not buy the gas from the Customer but shall be obligated to replace the gas at no charge to the Customer after the end of the gas supply shortage. For billing purposes, the Customer shall be entitled to receive its contractual storage volumes immediately at the end of the curtailment as if the storage volumes were in place.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

CONSTRUCTION OF FACILITIES

The cost of any modifications to, or construction of, entry points necessary for the introduction of Customer owned gas into the Company system facilities, required exclusively to provide transportation service under this rate schedule, shall be paid for by the Customer. The Customer shall be notified as to the estimated total cost of such modifications or construction, and payment of the estimated cost of such modification or construction shall be made to the Company prior to the start of modification or construction. Upon completion of the modification or construction, the Company and the Customer shall reconcile any cost difference between the actual completed cost and the pre-paid estimated cost. The Customer shall pay any additional cost incurred by the Company and the Company will refund any over collection of such cost. The Company shall own and maintain this natural gas connection.

(C) The cost of any modifications to, or construction of, facilities required exclusively to provide transportation service, from the Company's system to the Customer's facility under this rate schedule, shall be paid for by the Customer based on the presently approved Customer construction allocation calculation method shown in PNG Gas - PA P.U.C. No. 8 Tariff Rule 5 EXTENSION REGULATION. The Customer shall be notified as to the total cost of such modifications or construction, and payment shall be made to the Company prior to the start of construction.

The Company may install remote read devices for the purposes of monitoring and/or billing Customer volumes, at every single meter or multimeter location served under this rate schedule at the Customer's expense. The Customer shall maintain a phone connection and/or electric lines at all times to the device which will allow the Company unlimited remote access to the remote read device.

MISCELLANEOUS PROVISIONS

1. The Company shall be under no obligation and shall have no duty to provide retail service to any transportation Customer who declines to elect Standby Service.
2. The Company makes no guarantees against, and accepts no responsibility for, the interruption or curtailment of transportation service caused by parties other than the Company, its agents or contractors.

STANDBY SERVICE

To insure that a supply of gas will be available to the Customer in the event that the Customer's transportation service is interrupted or curtailed by any third-party transporter or if gas production ceases for any reason, the Customer may request that the Company provide Standby Service. If, in its sole judgment, the Company determines that such service can be provided without impairing service to other Customers served by the Company, the Company and the Customer shall agree

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FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

upon the Standby Service Volume to be provided. The Standby Service Volume shall be stated in the Transportation Agreement. The Standby Service Volume agreed upon shall remain in full force and effect from year to year unless reduced or cancelled by mutual agreement between the Customer and the Company in accordance with this tariff. Should the Customer request an increase, the Company shall use its best efforts to obtain the supply of gas necessary to serve the requested increase. The increase shall be granted only if, in the Company's sole judgment, the total supply available to the Company is sufficient to serve the increased Standby Service Volume without impairing service to other Customers served by the Company.

(C)

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FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continue)

(C)

RATES AND CHARGES

1. TRANSPORTATION CHARGE

- A. The monthly charge for service shall be the Transportation Charge which shall be equal to the product of the Transportation Rate and the volume of transportation gas delivered during such month to the Customer including volumes delivered to storage.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

- (C) B. By noon of the first working day following the delivery month, each Customer or its Customer Designated Representative shall deliver to the Company's Gas Dispatcher, in conjunction with delivery allocations, a complete written volume allocation of gas using the present Company Transportation Allocation Form. Allocations shall be by pipeline contract, showing individual Customer meter. Failure to do so will result in suspension of deliveries of gas for a ten (10) working day period. The Company has the right to waive or shorten this time period for good cause shown.
- (C)
- (C)

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

(C)

2. STANDBY CHARGE

- A. The monthly Standby Charge shall be the product of the Standby Rate and the Standby Service Volume as stated in the Transportation Agreement. Any increase or addition of Standby Service Volume during the contract period shall be billed as if the service commenced on April 1st of the Contract Year.
- B. The Standby Rate shall be equal to the sum of the monthly Contract Demand charges charged by the Company's interstate pipeline suppliers, divided by the sum of the daily Contract Demands.
- C. The Standby Credit shall be equal to the product of the Standby Credit Rate and the volume billed at regular rates under the Standby Service provision.
- D. The Standby Credit Rate shall be equal to the Standby Rate divided by the number of days in the Billing Month.
- E. The Standby Rate shall be subject to increase or decrease whenever any of the Company's pipeline suppliers make changes in their Contract Demand Rate. Any change in the Standby Rate shall become effective on the first day of the month following the date on which the change in the pipeline Contract Demand rate becomes effective.
- F. See page 18 for rates.

(C)

UGI PENN NATURAL GAS, INC.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

MINIMUM CHARGE

The minimum monthly charge shall be the sum of the Customer Charge, the Transportation Administration Charge, the Standby Charge, the Storage Demand Charge and the Storage Capacity Charge, as applicable.

SURCHARGES

Rider D - State Tax Adjustment Surcharge.

(C)

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

PAYMENT

In accordance with Section 2 E on Page No. 6 of this tariff.

CONTRACT PERIOD

1. Transportation Service

The contract shall be for a period of one (1) year (Contract Year) beginning on April 1st. The contract shall be renewed each year by refiling a Transportation Agreement. The Customer or the Company, upon at least thirty (30) days written notice, may cancel the agreement. Upon written notice by the Company that the Customer or its Buyer Group has lost its eligibility to transport, the contract becomes void. Contracts entered into after April 1st of the Contract Year shall be renewable on the next April 1st.

2. Standby Service

The contract shall be for a period of one (1) year commencing on April 1st of each year, unless cancelled or reduced by mutual agreement between the Company and the Customer upon at least thirty (30) days written notice prior to April 1st or when notified by the Company that the customer or the buyer group, of which the Customer is a member, has lost its eligibility to transport. The Standby Service Volume can be increased at any time when the Company and the Customer mutually agree. Customers requesting increased Standby Service Volumes commencing after April 1st shall be charged as if the service commenced on April 1st of the Contract Year.

(C)

RULES AND REGULATIONS

All of the Rules and Regulations of this gas tariff are part of this rate schedule.

UGI PENN NATURAL GAS, INC.

FIRM TRANSPORTATION SERVICE - SCHEDULE TS (Continued)

<u>RATE SCHEDULE</u>	<u>NET MONTHLY RATE</u>
<u>TRANSPORTATION CHARGES</u>	
(I) Customer Charge	\$3,865.00
(D) Maximum Transportation Rate	\$0.0778/MCF
(C) <u>DAILY BALANCING RATE</u>	
In compliance with PNG Gas - Pa. P.U.C No. 8 Section 16.5 Maximum Daily Excess Balancing Charge	
<u>STANDBY RATE</u> - Per MCF of Standby Demand	
Effective: September 1, 1989	See Monthly Listing
<u>LOSS AND UNACCOUNTED FOR PERCENTAGE</u>	
Effective: December 1, 2008	0.5%

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RIDER D

STATE TAX ADJUSTMENT SURCHARGE

1. Pursuant to the provisions of the State Tax Adjustment Procedure Order of the Pennsylvania Public Utility Commission dated March 10, 1970, and as amended,
(D) a surcharge of 0.00% will be charged for services rendered under Rate
(C) Schedule TS on and after August 28, 2009 in addition to the rates provided for in
(D) this tariff. For non-transportation service, a surcharge of 0.00% will be
(C) charged for services rendered on and after August 28, 2009.
2. The above surcharges will be recomputed, according to the instructions set forth in the Commission's Order. Whenever any of the tax rates used in calculations of the surcharge change, the recomputation shall take into account such changed tax rate.
3. Each surcharge recomputation shall be submitted by the Company to the Commission within ten (10) days after the occurrence of the event or date which occasions such recomputation; and if the recomputed surcharge is less than the one then in effect, the Company will; and if the recomputed surcharges is more than the one then in effect, the Company may, submit with such recomputation, a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be ten (10) days after filing.

Supplement No. 3
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Cancelling
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