

UGI CENTRAL PENN GAS, INC.

EMMITSBURG - MARYLAND

Rates and Rules
Governing the Furnishing
of
Natural Gas Service
in
Emmitsburg
and
Environs
Frederick County, Maryland

ISSUED: July 20, 2011

EFFECTIVE: October 1, 2011

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Vice President – Rates

NOTICE

THIS SUPPLEMENT MAKES CHANGES TO RATES, RULES AND REGULATIONS.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

All Pages:

Change Issue Date from October 6, 2008 to July 20, 2011.

All Pages:

Change Effective Date from October 1, 2008 to October 1, 2011.

Pages 4, 5, 6,7, 8, 11, 12, 12-A, 12-B, 26:

The above pages are changed in order to reflect the change to the unit of billing from dekatherm to Mcf and the corresponding rate changes, resulting in no impact to the customers' bills.

Page 19:

The above page is changed to reflect the change in the unit of billing and the addition of the heating value correction.

Pages 21 – 23:

The above pages are changed to reflect an update to the Company's Emergency Plans.

Pages 24 – 25:

The above pages are changed to adjust the numbering due to the changes in the Company's Emergency Plans.

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GENERAL RATE

SCHEDULE "A"

AVAILABLE:

For all gas consumers for which no specific rate schedule is provided.

RATE:

First.	.3 Mcf per month per Mcf	\$ 9.684
Next	2.7 Mcf per month per Mcf	6.020
Next	7.0 Mcf per month per Mcf	4.441
Next	10.0 Mcf per month per Mcf	4.061
All over	20.0 Mcf per month per Mcf	3.430
Minimum monthly bill		\$ 2.19

Purchased Gas Adjustment Surcharge: The above rates are subject to adjustment under Purchased Gas Adjustment Rider. (See Page 12).

Franchise Tax Adjustment: In compliance with the Maryland 1999 Electric and Gas Utility Tax Reform Act, effective with all bills read on or after April 1, 2003, there shall be a tax surcharge for the recovery of the Maryland Franchise Tax. Such surcharge will be based on the Maryland Franchise Tax rate in effect at that time.

BILLS DUE:

Bills are due and payable on presentation. The final date for payment at "Net Rates" is shown on the bill and is at least twenty (20) days from date of presentation.

LATE PAYMENT CHARGE:

The above rates are net and apply if bill is paid in full on or before the final date shown on bill for payment at net rates; if bill is not paid in full on or before final date for payment at net rates, an additional charge of one and one-half percent (1.5%) will be made. (The final date for payment at net rates is established in accordance with the provisions set forth in the "BILLS DUE" section.)

DOMESTIC RATE (OPTIONAL)

SCHEDULE "B"

AVAILABLE:

To any residential customer having installed an automatically controlled gas water heater or gas refrigerator or for house heating purposes where gas is the principal source of fuel.

RATE:

First	.8 Mcf per month per Mcf	\$ 7.599
Next	1.2 Mcf per month per Mcf	4.188
Next	48.0 Mcf per month per Mcf	3.430
Next	50.0 Mcf per month per Mcf	3.367
All over	100.0 Mcf per month per Mcf	3.303
Minimum monthly bill		\$ 2.80

Purchased Gas Adjustment Surcharge: The above rates are subject to adjustment under Purchased Gas Adjustment Rider. (See page 12).

Franchise Tax Adjustment: In compliance with the Maryland 1999 Electric and Gas Utility Tax Reform Act, effective with all bills read on or after April 1, 2003, there shall be a tax surcharge for the recovery of the Maryland Franchise Tax. Such surcharge will be based on the Maryland Franchise Tax rate in effect at that time.

BILLS DUE:

Bills are due and payable on presentation. The final date for payment at "Net Rates" is shown on the bill and is at least twenty (20) days from date of presentation.

LATE PAYMENT CHARGE:

The above rates are net and apply if bill is paid in full on or before the final date shown on bill for payment at net rates; if bill is not paid in full on or before final date for payment at net rates, an additional charge of one and one-half percent (1.5%) will be made. (The final date for payment at net rates is established in accordance with the provision set forth in the "BILLS DUE" section).

COMMERCIAL AND INDUSTRIAL RATE (OPTIONAL)
SCHEDULE "C"

AVAILABLE:

To any commercial and industrial customer using gas for commercial and/or industrial purposes.

RATE:

First	.5 Mcf per month per Mcf	\$ 9.684
Next	2.5 Mcf per month per Mcf	5.767
Next	7.0 Mcf per month per Mcf	4.441
Next	30.0 Mcf per month per Mcf	3.808
Next	30.0 Mcf per month per Mcf	3.177
Next	50.0 Mcf per month per Mcf	3.051
Next	100.0 Mcf per month per Mcf	2.861
Next	200.0 Mcf per month per Mcf	2.735
Next	400.0 Mcf per month per Mcf	2.671
All over	820.0 Mcf per month per Mcf	2.609

Minimum monthly charge: \$2.49 per Mcf of maximum daily demand, but not less than \$2.80.

Purchased Gas Adjustment Surcharge: The above rates are subject to adjustment under Purchased Gas Adjustment Rider. (See page 12).

Franchise Tax Adjustment: In compliance with the Maryland 1999 Electric and Gas Utility Tax Reform Act, effective with all bills read on or after April 1, 2003, there shall be a tax surcharge for the recovery of the Maryland Franchise Tax. Such surcharge will be based on the Maryland Franchise Tax rate in effect at that time.

BILLS DUE:

Bills are due and payable on presentation. The final date for payment at "Net Rates" is shown on the bill and is at least fifteen (15) days from date of presentation.

LATE PAYMENT CHARGE:

The above rates are net and apply if bill is paid in full on or before the final date shown on bill for payment at net rates; if bill is not paid in full on or before final date for payment at net rates, an additional charge of one and one-half percent (1.5%) will be made on the sum of rate schedule steps one to nine, inclusive. The charge for gas consumption billed using the tenth step ("All over 820.0 dekatherm") is excluded from the "LATE PAYMENT CHARGE". (The final date for payment at net rates is established in accordance with the provisions set forth in the "BILLS DUE" Section).

LARGE COMMERCIAL AND INDUSTRIAL RATE (OPTIONAL)

SCHEDULE "D"

AVAILABLE:

To any commercial or industrial customer who contracts for at least a Maximum Daily Demand of 400 Mcf of gas.

NET MONTHLY RATE:

Monthly Demand Charge: \$5.649 per Mcf of Maximum Daily Demand.

Commodity Charge: \$2.236 per Mcf for all gas delivered.

Minimum Monthly Bill: The Demand Charge for the monthly billing period.

Purchased Gas Adjustment Surcharge: The above rates are subject to adjustment under Purchased Gas Adjustment Rider. (See page 12).

Gross Receipts Tax Surcharge: 2.04% of net bill, excluding commodity charges, otherwise computed for service. The surcharge of 2.04% will be increased or decreased in accordance with any increase or decrease of the Maryland Gross Receipts Tax.

Tax Adjustment: The Monthly Base Rates shall be increased by adding thereto a properly allocable share of any tax, license or assessment imposed subsequent to the effective date of this Rate Schedule by any governmental authority, which affects the Company's cost of operation and which is based upon the number of meters, customers, revenues, volumes of gas sold, or any other basis where direct allocation thereof is possible. This includes a surcharge for the recovery of Maryland Franchise Tax. Such surcharge will be based on the Maryland Franchise Tax rate in effect at that time.

BILLS DUE:

Bills are due and payable on presentation. The final date for payment at "Net Rates" is shown on the bill and is at least fifteen (15) days from date of presentation.

LATE PAYMENT CHARGE:

The above rates are net and apply if bill is paid in full on or before the final date shown on bill of payment at net rates; if bill is not paid in full on or before final date for payment at net rates, an additional charge of one and one-half percent (1.5%) will be made. (The final date for payment at net rates is established in accordance with the provisions set forth in the "BILLS DUE" section).

LARGE COMMERCIAL AND INDUSTRIAL RATE (OPTIONAL)

SCHEDULE "D" (Continued)

ADJUSTMENT OF THE BILLING DEMAND:

In the event the Company fails or is unable to deliver on any day, the volume of natural gas which buyer desires to receive (up to eighty-five percent (85%) of the then effective Maximum Daily Demand), then the Billing Demand for the billing month in which such days occur shall be reduced by a quantity equal to the quotient arrived at by dividing the aggregate of the differences between the volume of natural gas delivered on such days and the volumes of natural gas which buyer, in good faith, requested to receive on such days, by the number of days in said billing month.

DELIVERIES IN EXCESS OF MAXIMUM DAILY DEMAND:

(a) If buyer on more than one day in any billing month shall have taken a volume of gas in excess of the Maximum Daily Demand by two percent (2%) or fifty (50) Mcf, whichever is greater, then buyer shall be billed and shall pay for such volumes taken in excess of the Maximum Daily Demand on all such days in the month at the rate of two dollars (\$2.00) per Mcf for the volumes up to two percent (2%) of the Maximum Daily Demand, or fifty (50) Mcf, whichever is greater, and five dollars (\$5.00) per Mcf for all volumes in excess thereof, in addition to the Commodity Charge therefor.

(b) The provisions of sub-paragraph (a) above, shall not apply for any day with respect to which the Company shall have first given its expressed consent for buyer to take not more than a specified volume of gas in excess of the Maximum Daily Demand. The consent of the Company under this sub-paragraph (b) is limited to one day and separate consent shall be required with respect to each and every day in which gas is so taken. Buyer shall pay for all such volumes taken in excess of the Maximum Daily Demand with Company's consent as herein provided, at a rate of \$0.780 per Mcf, plus the Commodity Charge.

(c) If buyer on only a single day in any billing month, shall have taken a volume in excess of one hundred and two percent (102%) of the Maximum Daily Demand, under circumstances not specifically provided for in sub-paragraphs (a) and (b) above, then buyer shall be billed and shall pay for all such volumes taken in excess of the Maximum Daily Demand at a rate per Mcf equal to the Demand Charge divided by the number of days in the billing month, plus the Commodity Charge.

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SUPPLEMENTAL GAS SERVICE AND/OR DELIVERY SERVICE

RATE SCHEDULE "F"

AVAILABILITY:

Available to any customer whose gas supply is being curtailed by the Company, and who desires and agrees to receive service under this Rate Schedule.

The service is available on a "best efforts" basis. Volumes shall be subject to the limitations and applicable regulations of the Public Service Commission of Maryland and the Federal Energy Regulatory Commission.

CHARACTER OF SERVICE:

(A) Supplemental Gas Service and Delivery Service:

Service shall consist of the sale and delivery of supplemental gas of any type, including, but not limited to refinery, synthetic, liquefied, propane-air, storage and emergency gas.

Gas served under this Schedule, when such gas is available, is on a "take-or-pay" basis and shall be considered the first gas through the meter each billing period.

(B) Delivery Service Only:

Service shall consist of receiving gas, approved by the Company as to quality, composition and characteristics, owned by customer at an interconnection, selected by the Company, with Company's facilities and the transportation of such gas to the customer.

RATE:

The charge for delivery of gas shall be twenty-seven cents (\$0.27) per Mcf, plus (in cases where the Company supplies the gas for this service) the average weighted cost per Mcf, or other applicable gas measurement unit, as agreed, incurred by the Company for service under this Rate Schedule.

The total of the foregoing, excluding the commodity charge for any gas supplied by the Company, shall be subject to a Gross Receipts Tax Surcharge of 2.04%. The 2.04% surcharge will be increased or decreased in accordance with any increase or decrease of the Maryland Gross Receipts Tax.

Tax Adjustment: The Monthly Base Rate shall be increased by adding thereto a properly allocable share of any tax, license or assessment imposed subsequent to the effective date of this Rate Schedule by any governmental authority, which affects the Company's cost of operation and which is based directly upon gas sales. This includes a surcharge for the recovery of Maryland Franchise Tax. Such surcharge will be based on the Maryland Franchise Tax rate in effect at that time.

SUPPLEMENTAL GAS SERVICE AND/OR DELIVERY SERVICE

RATE SCHEDULE "F" (Continued)

BILLS DUE:

Bills are due and payable on presentation. The final date for payment at "Net Rates" is shown on the bill and is at least fifteen (15) days from date of presentation.

LATE PAYMENT CHARGE:

The above rates are net and apply if bill is paid in full on or before the final date shown on bill for payment at net rates; if bill is not paid in full on or before final date for payment at net rates, an additional charge of one and one-half percent (1.5%) will be made. (The final date for payment at net rates is established in accordance with the provisions set forth in the "BILLS DUE" section).

SERVICE PERIOD:

Service under this Rate Schedule shall be for the period agreed upon by the Company and Customer.

PURCHASED GAS ADJUSTMENT CLAUSE

I. PROVISION FOR ADJUSTMENT:

The rates for gas service under Rate Schedule Nos. A, B, C, and D shall be subject each month to a Purchased Gas Adjustment which represents the difference between the current cost of purchased gas above or below the specified "Base Cost". Purchased gas, used in the determination of the Purchased Gas Adjustment, shall include, but not be limited to, natural gas, liquefied natural gas, synthetic gas, liquefied propane, or naphtha. The costs to be included in adjustment computations are those properly recorded in the following FERC Uniform Systems of Accounts for Class A Gas Utilities: #800, #801, #802, #803, #804, #804.1, #805, #805.2, #806, #808.1, #808.2, #809.1 and #809.2.

II. BASE COST OF PURCHASED GAS:

The base cost of purchased gas is \$2.200 per Mcf.

III. CURRENT COST OF PURCHASED GAS:

The current cost of purchased gas shall be computed monthly based on the latest available twelve (12) month period by dividing (1) the total cost of purchased gas (calculated by adding together the results of applying the rates or charges in effect on the computation date to the respective quantities of each type of purchased gas plus the charges described in the following paragraph) by (2) total Mcf sales volumes during such twelve (12) month period.

The term "Cost of Purchased Gas" as used in the above paragraph shall include all "Pipeline Suppliers Contract Reformation and Take or Pay" charges whether characterized as volumetric (i.e. included in the pipeline suppliers commodity billing rate) or non-volumetric fixed charges which are billed to the Company under FERC approved Tariffs.

PURCHASED GAS ADJUSTMENT CLAUSE (Continued)

III. CURRENT COST OF PURCHASED GAS: (Continued)

Non-volumetric fixed charges will be included in the Company's monthly PGA calculations for a number of months equal to the number of months such charges are included in the Pipeline Supplier monthly billings.

In determining the current cost of purchased gas, the Company will (1) annualize the effect of purchasing gas under new contracts commencing with the first computation in which the new gas supply is reflected in the aforementioned "latest available twelve (12) month period" and (2) adjust both purchase and sales volumes to reflect curtailments in supplies of purchased gas.

An Actual Cost Adjustment (ACA), to recover or refund Purchased Gas Adjustment (PGA) under or over collections, shall be computed by taking the actual cost of purchased gas (excluding supplier refunds) as recorded on the books of the Company during the determination period, and subtracting therefrom an amount equal to (1) the base cost of purchased gas of \$2.200 per Mcf multiplied by the actual Mcf volumes sold during the determination period and (2) the PGA revenues recorded on the books of the Company during the determination period and further subtracting or adding the previous year's net ACA over or under collection. The derived amount shall be divided by the actual Mcf volumes of gas sold during the determination period. The resulting unit rate per Mcf shall be reflected for a twelve(12)-month period commencing with the succeeding December Purchased Gas Adjustment. The determination period to be used in the computation of the ACA shall be the twelve (12) months ended September 30 of each year. (The first ACA determination period shall be the twelve (12)-month period ending September 30, 1981).

The Purchased Gas Adjustment, computed as herein provided, shall be effective commencing with the first day of the billing month following the computation date.

PURCHASED GAS ADJUSTMENT CLAUSE (Continued)

III. CURRENT COST OF PURCHASED GAS: (Continued)

Not less than ten (10) days prior to each change in the Purchased Gas Adjustment, a statement will be filed with the Public Service Commission of Maryland showing, (1) the amount of adjustment per Mcf, (2) the first day the adjustment will be applied to customers' bills, and (3) supporting computations.

IV. ADJUSTMENT FOR SUPPLIER(S) REFUNDS:

Adjustment for Supplier(s) Refunds shall be applicable to Rate Schedule Nos. A, B, C, and D to the extent that the PGA surcharges billed under said Rate Schedules reflect the related purchased gas increases. In instances where the Company receives such refunds ("unless directed by the Commission to use an alternative supplier's refund procedure"), it shall report the particulars to the Commission and shall dispose of the applicable amount, including any interest thereon, as follows:

The "amount to be refunded" shall include, (1) the applicable portion of the above-mentioned supplier refunds, (2) amounts representing the difference between the amount actually refunded under prior refunds to customers and prior "amounts to be refunded", and (3) a net amount of simple interest at the average percentage yields of one year treasury constant maturities for September, October, and November of the preceding year and computed from the middle of the month in which the refund was received by the Company to the middle of the month during which the bill credit (or cash) was reflected on the customer's bill.

Where a supplier refund is to be in effect over a future period and amounts of one cent (\$.01) per Mcf or more, it shall be made effective hereunder for a meter reading period not to exceed twelve (12) months and such refund credit shall be determined by dividing the applicable amounts, as determined above, by the estimated volume of sales of all customers for the refund period. Such refund credit per Mcf shall be applicable to the sales volumes billed to customers each month.

RULES AND REGULATIONS

1. GENERAL.

These Rules and Regulations filed as a part of this Tariff are a part of every contract for gas service made by the Company and apply to each and every Customer taking gas service, unless specifically modified by the terms of the contract or the particular service classification.

Copies of the complete tariff are on file with the Public Service Commission of Maryland and in the Company's office and are open to inspection by the Public.

2. APPLICATION FOR SERVICE.

A written application or contract, outlining the purpose for which gas is to be used, is required from each customer before service is supplied. This shall apply whether the supply of service involves a new installation or the unsealing of the service valve where service has been previously supplied.

Such application or contract when accepted by the Company, shall constitute the contract between Customer and Company, and no agent has the power to modify, alter, or waive any of its conditions. Such application, when accepted, shall bind and inure to the benefit of the heirs, executors, administrators, successors, or assigns, as the case may be, of the respective parties thereto, but neither Customer nor Customer's assigns shall assign the contract or any right thereunder without the written consent of the Company.

All contracts are made subject to changes in or revisions of rates, or conditions of service, or these Rules and Regulations, as they may from time to time be filed with, or modified by rules and regulations of the Public Service Commission of Maryland.

Forms of the application or contract, together with the Rules and Regulations and schedule of rates, will be furnished upon application at the Company's office.

No application will be accepted by Company, nor service established for any Customer having unpaid bills for service rendered at a prior location until satisfactory arrangement has been made with Company or payment thereof.

RULES AND REGULATIONS (Continued)

3. APPLICATION OF RATE.

The rates in this tariff are for service to one Customer at one location. Each separate supply for different points of consumption shall be billed as a separate Customer.

4. REQUIREMENTS FOR SERVICE.

Customer's installation shall be installed and maintained in a manner satisfactory to the Company.

5. DEPOSITS.

Where an applicant's credit is not established, or where the credit of a Customer with Company has become impaired, or where Company deems it necessary, a deposit or other guarantee satisfactory to Company may be required as security for the payment of future and final bills, before Company will commence or continue to render service.

Deposits may be required from Customers taking service for a period of less than thirty (30) days, in an amount equal to the estimated gross bill for such temporary period. Deposits may be required from all other Customers provided that in no instance may deposits be required in excess of the estimated gross bill for any single billing period plus one month (the maximum period not to exceed four (4) months) with a minimum of \$5.00.

Deposits shall be returned to Customers when undisputed bills have been paid within thirty (30) days following presentation over a period of twelve consecutive months. Any Customer having secured the return of a deposit shall not be required to make a new deposit unless the service has been discontinued and the Customer's credit standing impaired through failure to comply with tariff provisions.

The payment of any undisputed bill, within the meaning of the Public Service Law, shall be payment of the bill within thirty (30) days following the period for which the bill was rendered, or payment within thirty (30) days following presentation of the bill, or the payment of any contested bill, payment of which is withheld beyond the period herein mentioned, and the dispute is terminated substantially in the favor of the Customer and payment made by the Customer within ten (10) days thereafter.

RULES AND REGULATIONS (Continued)

5. DEPOSITS (Continued).

All deposits shall bear simple interest at the Commission's determined rate.

On discontinuance of service and payment in full of all service charges and guarantees, Company will refund deposit, or will deduct such unpaid accounts from the deposit and refund the difference, if any. Deposit shall cease to bear interest upon discontinuance of service.

6. BILLING: Superseded by Section 17.

RULES AND REGULATIONS (Continued)

7. Superseded by Section 18.

8. RESALE OF GAS.

All gas service on the premises of Customer shall be supplied exclusively by Company, and used exclusively by Customer, and Customer shall not, directly or indirectly, sell, sublet, assign, or otherwise dispose of the gas service, or any part thereof, without the written consent of the Company.

9. ACCESS TO CUSTOMER'S PREMISES.

Company's identified employees shall have access to the premises of Customer, at all reasonable times, for the purpose of reading meters, testing or inspecting Customer's load and equipment, repairing, removing or exchanging its property on the termination of its contract or on the discontinuance of service from whatever cause.

RULES AND REGULATIONS (Continued)

10. SERVICE CONNECTIONS.

The Company will install, at its expense, own and maintain the service- supply line, including meters, regulators, connections or other equipment required for the supply of service, to a point directly outside the Customer's building, provided the total distance from the curb line, or from an equivalent line if a curb line is not established, to such point does not exceed fifty (50) feet. All service-supply pipe in excess of fifty (50) feet will ordinarily be installed by the Company at the expense of the Customer and owned and maintained by the Company. The Company may install the meters, regulators, connections or other equipment required for service inside a customer's building under certain conditions that warrant inside installation. Such conditions include but are not limited to a lack of safe physical space on the outside, existing conditions established for metering located inside, and historically significant architecture that would be substantially interrupted by the installation of outside metering. All such service-supply line and necessary equipment required for the supply of service shall remain the exclusive property of the Company, and the Company shall have the right to remove such property from the premises of the Customer at any time after the termination of service, whatever may have been the reason for such termination.

The Company will not furnish at its expense nor maintain any interior piping, such as range or water heater connections.

No service lines will be connected to Company's facilities when laid in any trench with a sewer or drain. A separate and distinct trench for the gas line is required from street main to cellar wall and shall be at least three (3) feet from any sewer or drain.

11. EXTENSION OF FACILITIES.

The Company will extend its facilities to a new point of delivery within its service territory, if:

- (a) the service to such new point of delivery will have no adverse effect upon the availability of gas to meet the present and reasonably foreseeable volume and pressure needs of existing customers, and
- (b) in the Company's judgment the investment occasioned by the extension of facilities is warranted by the profit that reasonably may be expected to result from such extension.

RULES AND REGULATIONS (Continued)

11. EXTENSION OF FACILITIES (Continued).

Where the proposed extension does not warrant the expenditure required, the Company will, upon written request from the applicant, determine what guarantee of revenue and/or what financial assistance is required of the applicant. The financial assistance may, at the option of the Company, be any of the following:

1. An Advance, subject to possible refund.
2. An outright Contribution to help pay for the construction required.
3. A Combination of 1 and 2 above.

In cases where an Advance (subject to possible refund) is required, the Company will enter into a written agreement with the applicant for a refund of all or a part of the monies advanced. The agreement shall contain the conditions under which a refund or refunds will be due and shall contain such other provisions as are mutually agreeable to the Company and applicant.

The Company reserves the right to refuse, or to impose conditions upon, the extension of facilities to or the furnishing of service at any new point of delivery which does not meet the foregoing requirements.

12. METERS AND METER LOCATION.

The Company will furnish, install, own and maintain one meter for each Customer unless in the Company's judgment more than one meter is required to properly meter the gas consumed.

RULES AND REGULATIONS (Continued)

12. METERS AND METER LOCATION (Continued).

The Customer shall provide, without expense to the Company, suitable space satisfactory to the Company, for the installation of metering and other necessary equipment. The location shall be outside, whenever in the Company's opinion this is feasible, and space allocated shall depend on the Company's metering policies. When the meters and necessary equipment required for supply are located inside the customer's building, as permitted by paragraph 10, the equipment shall be located within three (3) feet of point of entrance of the service line and no other attachments between meter and supply line are permitted. In apartment houses or office buildings, with multiple occupancy, all meters shall, where possible, be grouped together. The location selected for meter shall be readily accessible and free from excessive temperature variations. Ample passageway, maintained free of obstacles and unsafe and hazardous conditions shall be provided at all times.

Meters shall be tested for accuracy, upon written request, in accordance with the Rules and Regulations of the Public Service Commission of Maryland.

Ordinarily, the Customer shall be billed for and shall pay for all gas as registered by the meter. However, should any meter become defective or fail to register accurately, or should excessive gas be registered by the meter because of improper adjustment by Company employees of gas-fired equipment, adjustment of the amount metered shall be made as provided for in the applicable Gas Regulations of the Public Service Commission of Maryland.

13. LIMITS OF COMPANY RESPONSIBILITY.

The Company will use reasonable diligence to provide a regular and uninterrupted supply of gas; but should the supply of service be interrupted for reasons beyond the Company's control or for the purpose of making repairs, changes and improvements, the Company shall not be liable for damages, direct or consequential, resulting from such interruption or failure.

The Company shall not be liable for any damages done to or injury sustained by Customer for or on account of the installation of Customer's gas piping and equipment, or the gas piping and equipment of others on Customer's premises. Company will not be responsible for the use, care or handling of gas delivered to Customer after it passes from Company's lines to Customer's installations.

14. RESPONSIBILITY OF CUSTOMER.

Customer shall give immediate notice to the Company in case of interruptions or irregularities in the service, or if any leak or escape of gas is discovered. As a protection to Customer, no light should be permitted near such leak, and Customer should immediately shut off the gas at the meter and close the valves to all pilot lights in cases of leaks or interruptions to service.

RULES AND REGULATIONS (Continued)

14. RESPONSIBILITY OF CUSTOMER (Continued).

Customer shall not interfere with or alter Company's meters or other property, or permit same to be interfered with or altered by any one other than Company's authorized agents or employees. Damage caused directly or indirectly by Customer to Company's property shall be paid for by Customer.

15. MEASUREMENT BASE.

(a) Thermal Basis

A dekatherm is a unit of heating value equivalent to 1,000,000 British Thermal Units (Btu). Gas supplied under the rates in this tariff will be measured in standard cubic feet and shall contain not less than an average of one thousand (1,000) Btu per standard cubic feet in any twelve (12)-month period. The definition of "standard cubic foot" used in this tariff is found in paragraph 15 (b) below.

(b) Pressure Basis (Definition of Standard Cubic Foot)

A cubic foot shall be the amount of gas that occupies a volume of one cubic foot at an absolute pressure of 14.73 pounds per square inch and a temperature of 60° Fahrenheit with a heating value of 1,029 British Thermal Units (B.T.U.s). To determine the volume at conditions other than standard pressures and heating values of gas delivered, factors such as those for pressure, temperature, specific gravity, heating value, and deviation from the laws of ideal gases may be applied

(c) Heating Value Correction

The Company may apply a heating value correction factor to metered usage to adjust for heating values that differ from those defined in Section 15(b). This factor may be adjusted monthly.

(d) Delivery Pressure

The Company will provide a single delivery pressure per meter installation. Additional pressure reductions, where required, will be the responsibility of the customer. In addition, any change in existing measurement/regulation facilities made to accommodate a request by a customer for a change in delivery pressure, will be done at the expense of the customer, except where the additional facilities are justified by new or additional load.

The Company will offer three basic delivery pressures:

1. Utilization (Standard) Pressure is 7" Water Column (W.C.). Service delivered from utilization pressure mains does not require a service regulator for safe burning by properly adjusted gas fired equipment. Utilization pressure may also be delivered from mains operating above utilization pressure with the installation of a regulator.

RULES AND REGULATIONS (Continued)

15. MEASUREMENT BASE. (Continued)

2. Fixed Factor Pressure is defined as a metering pressure of 2 psig that when measured through a temperature compensated gas meter with a standard index requires the volume to be multiplied by a fixed factor of 1.1195. This is done to compensate for the increased energy content (density) of the metered gas, as provided for in paragraphs 15(a) and 15(b) above. Fixed Factor Service is available for volumes up to and including 10,000,000 Btu per hour, provided the lowest operating pressure (LOP) of the main serving the customer is 10 psig or greater. In addition, the customer's piping system must be able to safely withstand up to 5 psig upon failure of the Company's regulator.
3. Non-standard Delivery Pressure is defined as any metering pressure other than 7" W.C. or 2 psig fixed factor delivery pressure. This delivery pressure is normally limited to a maximum of 5 psig unless prior approval is obtained from the Company's Engineering Department for higher delivery pressure.

16. SERVICE CALLS.

Company will make no charge for inspecting and adjusting Customer's gas appliances for more efficient use of gas. Such free service does not include time and materials required to repair gas appliances.

RULES AND REGULATIONS (Continued)

- 17.
- (a) Bills will be rendered by this Company for service furnished during the preceding month, with late payment charges, if any are due, assessed in accordance with late payment provisions of applicable Rate Schedule. Bills are payable at either the office of the Company or its collecting agent during the regular hours of business.
 - (b) In any month the Company is unable to enter the Customer's premises to read the meter or meters, or during a period when exigent circumstances exist, an estimated bill will be rendered.
 - (c) In case of service rendered to agencies or departments of the United States of America or the State of Maryland, thirty (30) days will be allowed for payment of their bills. When payments are mailed, the United States Post Office cancellation mark will be considered as the date of receipt. Failure to receive a bill will not be a waiver of any of these Rules and Regulations.
 - (d) Any undisputed bill not paid by the due date stated on the bill, shall be classified delinquent.
 - (e) When during any period, a meter fails to register correctly the amount of gas consumed, the amount of the bill will be estimated based either upon the results of the meter test, or upon the consumption for preceding or subsequent billing periods, or both these methods.
- 18.
- (a) The Company reserves the right to discontinue service when rendering of service will be hazardous. The Company also reserves the right to discontinue its service and to remove its equipment, after giving Customer reasonable notice, if the Customer's account is in arrears, or for violation of any rule or regulation of either the Public Service Commission or the Company or for fraud, tampering with or abusing meter or equipment of the Company. Failure by the Company to exercise these rights shall not be deemed a waiver thereof.
 - (b) When Customer desires service discontinued and such discontinuance is not contrary to any specific contract or regulation provision, he shall so notify the Company, and it shall have a reasonable time thereafter to take the final reading of its meter. Customer shall be liable for the payment of all gas service rendered until it is discontinued by the Company.

RULES AND REGULATIONS (Continued)

18. (Continued)

- (c) Should the Company be compelled to discontinue a customer's service for non-payment of bills or violation of any of these rules and regulations, the Company shall make a charge of twenty dollars (\$20.00) for restoring service in the same piping location for the same customer.
- (d) If service is discontinued at the request of a customer, the Company will not resume service to such customer at the same premises within twelve months, unless it shall first receive payment of the applicable minimum charge for each month of the intervening period.

19. NATURAL GAS EMERGENCY PLANS AND EMERGENCY ACTIONS

1. Company's Right To Reduce or Curtail Service.

An emergency exists whenever the aggregate demand for firm service on the Company's system, or confined segment of the system, exceeds or threatens to exceed the gas supply or capacity that is actually and lawfully available to the Company to meet the demands, and the actual or threatened excess creates an immediate threat to the Company's system operating integrity with respect to Priority 1 Customers. In the event of a natural gas emergency, the Company shall have the right to impose a mandatory reduction or curtailment on any Customer's use of gas.

(a) Prior to taking any action under section 19.2 to curtail Customer usage, provided sufficient time exists as determined by the Company in its sole judgement, the Company shall use reasonable efforts and methods to: (1) interrupt all interruptible services, (2) issue Operational Flow Orders or Daily Flow Directives and, (3) call for voluntary usage reductions by any or all Customers.

(b) In planning for natural gas emergency situations, the Company shall make reasonable efforts to make contractual or informal arrangements with Customers and others which would allow the Company to obtain supplies or implement usage reductions in an effort to avoid or mitigate any emergency action pursuant to subsections 19.2 or 19.3 requiring firm service reductions. In making such arrangements, the Company may enter into specific negotiated terms, conditions and rates with any Customer or entity where a clear benefit exists to the Company for the management or avoidance of an emergency

RULES AND REGULATIONS (Continued)

19. (Continued)

2. Priority-Based Curtailments.

In the event of an emergency, where the Company has mandated priority-based curtailments, the available gas supplies to the Company shall be prorated, if practicable, among Customers and Natural Gas Suppliers (“NGSs”) according to the priorities set forth below, listed in descending order. Customers in a higher priority category shall not be curtailed until all Customers falling into a lower priority category have been curtailed to plant protection use levels, unless operational circumstances or physical limitations warrant a different result. Additionally, where only a partial restriction of a category is required, implementation shall be pro rata to the extent practical under the circumstances. Whenever possible, as determined by the Company in its sole discretion, allocation actions shall be limited to confined geographic or operational portions of the Company’s system where the emergency exists.

(a) Priority 1. Service for residential and firm critical commercial essential human needs use.

(b) Priority 2. Firm service not included in Priority 1, which for purpose of curtailment shall be prioritized in the following subcategories:

(1) Firm small commercial and industrial service for plant protection under Rate C.

(2) Firm large commercial and industrial service for plant protection under Rates D and F.

(3) Firm commercial and industrial service to the extent actual gas deliveries are being made to the Company's system on behalf of the Customer; all except for plant protection.

(4) Firm commercial and industrial service provided by Company gas purchase activities; all except for plant protection.

3. Mandatory Reductions.

In the event of an emergency under subsection 19.1, the Company may require each commercial and industrial retail and transportation Customer that is not a Priority 1 Customer to reduce its consumption of gas. In requiring mandatory reductions, the gas supplies available to the Company may be allocated to Customers in accordance with the priorities of use specified in subsection 19.2.

RULES AND REGULATIONS (Continued)

19. (Continued)

(a) The reduction required shall be determined by the Company without regard to priorities of use, as necessary to minimize the potential threat to public health and safety.

(b) The mandatory reduction shall be for a period specified by the Company and may be until further notice. The Company may change a Customer's authorized usage, upon notice, at any time during an emergency.

(c) Mandatory reductions shall be for a maximum duration of five (5) consecutive business days, unless extended by Commission order.

(d) Except as provided in 19.3.

(e) The minimum authorized usage may not be lower than the minimum usage of firm service necessary for plant protection use when all other service has been curtailed except for Priority 1 service and the Company continues to be unable to meet Priority 1 requirements, the Company shall exercise its judgment as to any further curtailment that may be necessary and shall utilize measures designed to minimize harm to Customers if curtailments to plant protection use are found to be necessary.

(f) Consistent with its responsibility to maintain system integrity at all times, the Company shall provide periodic status updates and restore service as soon as practicable to any gas-fired electric generation facility that is deemed critical to electric system reliability by the electrical system's control area operator.

(g) Transportation Customers and NGSs are required to deliver, or cause to be delivered, natural gas supplies to the Company's system during an emergency, regardless of any mandatory gas consumption reductions imposed by the Company on such transportation Customers or NGSs' Customers. Such natural gas delivery may be required up to the Customer's or NGS's applicable DFR, MDQ, DDR or otherwise specified daily delivery quantity as determined by the Company in its discretion

4. Notice of Restriction or Curtailment.

Notice of any restriction or curtailment shall be made to affected Customers or NGSs via methods and mediums most reasonably expected to accomplish such notice; these may include, but are not limited to: telephone, facsimile, website, or electronic data exchange. If necessary, the Company will make notice through the media in order to communicate specific requests to large groups of Customer categories that are affected, including any relevant geographic limitations.

RULES AND REGULATIONS (Continued)

19. (Continued)

5. Applicable Definitions

The definitions for terms used in the priority of service categories are as follows:

1. Alternate fuel. Any fuel other than natural gas.
2. Alternate fuel capability. The installed and operable ability to use any fuel other than natural gas on a time-sensitive basis.
3. Commercial use. Gas usage by customers engaged primarily in the sale of goods and services, including consumption by office buildings, institutions, and government agencies.
4. Essential human needs use. Gas usage in any building where persons normally dwell, including residences, apartment houses, dormitories, hotels, hospitals, and nursing homes.
5. Firm Service. Natural gas service offered to consumers under tariffs or contracts that anticipate no interruptions.
6. Industrial use. Gas usage by customers engaged primarily in a process that creates or changes raw or unfinished materials into another form or product, including the generation of electric power.
7. Interruptible service. Natural gas service that can be temporarily discontinued under terms and conditions specified by tariff or contract.
8. NGDC. Natural gas distribution company.
9. NGS. Natural gas supplier.
10. Plant protection use. Minimum usage of natural gas required to prevent physical harm to an industrial or commercial consumer's facility, or danger to personnel at the facility, when the protection cannot be afforded through the use of an alternate fuel. Plant protection use includes usage necessary for the protection of the material in process which would be otherwise destroyed, but does not include deliveries required to maintain production.
11. Residential use. Gas usage in a residential dwelling or unit for space heating, air conditioning, cooking, water heating, or other domestic purpose.

RULES AND REGULATIONS (Continued)

19. (Continued)

6. Gas Shortage Curtailment

When , in the Company's judgment, their supply of gas is insufficient to meet the requirements of all "sales" customers on a continuing basis, or when continued delivery of gas to customers would prevent the injection of gas into underground storage pools for the protection of winter requirements, deliveries may be curtailed in accordance with the two (2) priorities of service outlined above. Maximum possible notice of gas shortage curtailment, or of a change in curtailment level, shall be given. If such notice is given by telephone, it will be followed by a written notice to the customer, which specifies the customer's curtailed level of service.

The Company may curtail or discontinue gas service, in accordance with this Rule, without incurring liability for any loss, cost, damage, injury, or expense that may be sustained by the customer.

7. Emergency Curtailment

When a Natural Gas Distribution Company ("NGDC") is unable to fulfill the daily requirements of all its customers for reasons unrelated to long range gas supplies, the NGDC may require each commercial and industrial customer to reduce its consumption of gas. The reductions required shall be determined by the NGDC without regard to priorities of use. However, the authorized volume shall not be lower than the minimum volume necessary for the prevention of damage to plant equipment. The NGDC's notice of the emergency curtailment shall specify the authorized consumption for a specified period or until further notice. An emergency curtailment may be made after oral notice to the customer, effective when so given, but such oral notice must be confirmed in writing within forty-eight (48) hours. The Commission is to be notified immediately of the declaration of an emergency situation.

RULES AND REGULATIONS (Continued)

19. (Continued)

8. Penalty Provisions for Excess Takes

The provisions of these or any other penalty sections do not serve to reduce any charges, assessments, or penalties otherwise payable or applicable under provisions of any effective rate schedule or contract. If any customer exceeds its authorized consumption during a period of curtailment, that customer shall pay a penalty according to the following schedule:

Over-Run Volumes as a Percentage of Authorized Consumption Penalties for Excess Takes

Greater than 3%, but not in excess of 5%	\$10/Mcf
Greater than 5%	\$25/Mcf

9. Disposition of Curtailment Penalties

On a monthly basis, the Company shall deduct the total of all over-run penalties paid to the Company's suppliers from the amount of penalties collected from customers. The Company will credit the net amount of any over-run penalties to the current month's cost of gas.