

STATEMENT OF OPERATING CONDITIONS

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Schedule of Specific Conditions Applicable to Transportation Service

1. AVAILABILITY

This interruptible delivery service is available to any Shipper requesting transportation service pursuant to 18 C.F.R. §284.224 and it consists of the receipt of a daily quantity of gas by the Company from a Shipper at a specified Point(s) of Receipt along the Company's distribution system, the transportation of gas through the Company's facilities, and the delivery of an equivalent quantity of gas to a specified interstate Point(s) of Delivery.

2. SERVICE INITIATION AGREEMENT

Shippers must execute a service initiation agreement in the form prepared by the Company specifying amongst other things, the maximum interruptible quantity. This agreement shall remain in effect indefinitely, until terminated by the Shipper or the Company upon written notice to the other. Such termination shall be effective upon the issuance of the written notice. Notwithstanding the above, the Company may terminate service at any time as provided by law or by provisions of this Statement of Operating Conditions. Service will be initiated only on the first day of the calendar month, or as agreed to by the Company.

3. CHARGES

3.1 Monthly Bill. The monthly bill shall consist of the sum of billings for the services as provided in this Statement of Operating Conditions and subject to the maximum rate attached hereto (which may be discounted).

3.2 Late Payment. Bills not paid in full by their due date will be assessed a Late Payment Charge of five percent (5%) for the first month and one and one half

percent (1.5%) per month in subsequent months on the unpaid and overdue balance.

4. TITLE

Receipt of gas by the Company for delivery service shall not vest title to the gas in the Company. Title to such gas shall remain vested in the Shipper.

5. LIABILITY

The Company shall not be liable, under any circumstances or in any respect to a Shipper, 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 Schedule, the applicable sections of the Pennsylvania Public Utility Code, and the regulations of the PUC.

6. NOMINATIONS

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

6.2 Nominations. The Shipper shall provide to the Company, electronically or in other format specified by the Company, nominations in Dth for flowing gas no later than the nomination deadline of the interstate pipeline to which gas is being shipped .

6.3 Volume Adjustment. The quantity of gas received into the Company's system for the Shipper's account and deemed to be delivered to the Point of Delivery shall be based on the nomination for each day, as confirmed by the Company's gas control department.

(a) Operational Flow Order Penalty Charges – When operating conditions require, the Company shall notify the Shipper, electronically or in other

format specified by the Company, of the issuance of an Operational Flow Order (“OFO”).

1. Notice of the commencement of an OFO shall be provided as soon as practicable. 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 Shipper. The Shipper shall be responsible for any communications necessary for the Shipper’s compliance with OFO requirements.
3. Penalty charges for non-compliance of an OFO shall be equal to the greater of: (a) \$25.00 per DTH, or (b) the actual cost or penalty incurred by the Company as a result of the violation by the Shipper.

GENERAL TERMS AND CONDITIONS

for Service under 18 C.F.R. Section 284.224

1. STATEMENTS

1.1 **Verification.** Both the Company and the Shipper shall have the right to examine, at reasonable times, books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any of the provisions hereof.

2. PAYMENTS

2.1 **Time.** All bills for service under this schedule are due when rendered, and the final due date stated on the bill shall be no less than fifteen (15) days from the date of presentation. Upon discontinuance of service, bills are due and payable upon presentation.

2.2 **Default.** All bills carry the date they are placed in the mail, or, in the event bills are delivered by other means, they shall bear the date of delivery. If such failure to pay continues for thirty days after payment is due, the Company, in addition to any other remedy it may have hereunder, may, after application to and authorization by the governmental authority having jurisdiction, suspend further delivery of gas until such amount is paid; provided, however, that if the Shipper in good faith shall dispute the amount of any such bill or parts thereof and shall pay to the Company such amounts as the Shipper concedes to be correct at any time thereafter, within thirty days of a demand made by the Company, the Shipper shall furnish a good and sufficient surety bond, to secure payment to the Company

of the amount ultimately found due upon such bills after a final determination which may be reached either by agreement or judgment of the courts as may be the case, then the Company shall not be entitled to suspend further delivery of gas on account of such disputed claim while so secured.

2.3 Adjustment. In the event an error is discovered in the amount billed in any statement rendered by the Company, such error shall be adjusted within thirty days of the determination thereof; provided that claim herefor shall have been made within sixty days from the date of discovery of such error, but in any event within twelve months from the date of such statement.

3. FORCE MAJEURE

In the event Company is rendered unable wholly or in part by force majeure to carry out its obligations, other than the obligation to make payment of amounts accrued and due hereunder at the time thereof, it is agreed upon Company giving notice and full particulars of such force majeure in writing or by telegraph to Shipper within a reasonable time after the occurrence of the cause relied on, the obligations of the Company, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall so far as possible, be remedied with all reasonable dispatch.

The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, arrests, priority limitation or restraining orders of any kind of the governments of United States or a State or of any civil or military authorities or either of them and restraint of government and peoples, civil disturbances, explosions, breakage, accidents or repairs to machinery or lines of pipe,

freezing of wells or lines of pipe, partial or entire failure of natural gas wells including storage wells, inability to obtain or unavoidable delay in obtaining gas, material and equipment, and any other causes, whether of the kind herein enumerated or otherwise, not reasonably within the control of the parties claiming suspension.

4. **DEFINITIONS**

- 4.1 **Company** – The term Company shall mean UGI Central Penn Gas Inc.
- 4.2 **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.
- 4.3 **Pennsylvania Public Utility Commission (PUC)** – The state regulatory agency that provides oversight, policy guidance and direction to public utilities and suppliers, with respect to matters within its jurisdiction.
- 4.4 **Point of Delivery** – The point of delivery shall be the interstate point specified in the service agreement executed by the Company and the Shipper.
- 4.5 **Point of Receipt** – The point of receipt shall be the point specified in the service agreement executed by Company and Shipper.
- 4.6 **Shipper** – The term Shipper shall mean an entity which has executed a service agreement with the Company.

RATE SUMMARY

For Section 284.224 Transportation Service*

The monthly charges for Transportation Service under Section 284.224 shall consist of the sum of billings for the services below:

Transportation Charge, per Dth delivered	\$1.2600 maximum [†]
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* A Customer's late payment obligations are specified in the Statement of Operating Conditions. *See* Schedule of Specific Conditions Applicable to Transportation Service.

[†] Company has the right to discount the rate below the maximum level.