

UGI UTILITIES, INC. - GAS DIVISION

GAS TARIFF

INCLUDING THE GAS SERVICE TARIFF NO. 7

AND

THE CHOICE SUPPLIER TARIFF NO. 7S

Rates and Rules
Governing the
Furnishing of
Gas Service and Choice Aggregation Service
in the
Territory Described Herein

Issued: November 27, 2019

Effective for service rendered on
and after December 1, 2019 in
accordance with the Commission's
Order at Docket No. R-2019-3009647
entered on October 24, 2019 and
Docket No. R-2018-3006814 entered
on October 4, 2019.

Issued By:

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<http://www.ugi.com/tariffs>

NOTICE

This tariff makes increases, decreases and changes to existing rates (see page 2).

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

Section 11, Rider B, Purchased Gas Costs, Page 52

- References to the former South, North and Central rate districts are removed.
- The Annual C-Factor has decreased for the former South and Central districts and increased for the former North district.
- The Annual E-Factor has decreased for the former North district and increased for the former South and Central districts.
- The total Purchased Gas Cost rate has decreased for the former South district and increased for the former North and Central districts.

Section 15, Price to Compare, Page 57

- References to the former South, North and Central rate districts are removed.
- The Annual C-Factor has decreased for the former South and Central districts and increased for the former North district.
- The Annual E-Factor has decreased for the former North district and increased for the former South and Central districts.
- The Merchant Function Charge has decreased for the former South district and increased for the former North and Central districts.
- The Price to Compare has decreased for the former South district and increased for the former North and Central districts.

Section 16, Rider F, Universal Service Program Rider, Page 58

- The Universal Service Program Rider rate has increased.

Section 17, Rider G, Energy Efficiency and Conservation Rider, Page 60

- The Energy Efficiency and Conservation Rider rate has increased for rates R/RT and LFD and decreased for rate N/NT.

Section 20, Rider J, Gas Delivery Enhancement Rider, Page 67

- The Gas Delivery Enhancement Rider has increased.

Section 22, General Terms for Delivery Service for Rates DS, LFD, XD, and IS, Page 75

- The retainage rate has increased. The retainage rate has increased for non-choice customers in the former South and Central districts and decreased for non-choice customers in the former North district.

Section 22, General Terms for Delivery Service for Rates DS, LFD, XD, and IS, Page 81c

- The retainage rate has increased.

Gas Beyond the Mains (Rate GBM, Page 92

- The commodity rate has decreased.

Monthly Balancing Service (Rate MBS), Page 98

- Rates DS/IS, LFD, and XD have increased.

Cover Page, Gas Choice Supplier Tariff

- The issued and effective dates are updated.

Section 5.1, Operational Requirements, Page 116

- The retainage rate has increased.

Section 7.3, Nomination Procedure, Pages 98 and 99(a)

- Peak Day allocation and Maximum Daily Quantity limits have been updated.

RULES AND REGULATIONS

11. RIDER B - Continued

SECTION 1307(F) PURCHASED GAS COSTS

The amount retained by the Company will be an incentive to pursue additional sales and will be treated below the line for ratemaking purposes. For purposes of calculating this margin, the cost of gas will be equal to the monthly average commodity cost of gas plus variable transportation costs to deliver the gas to the off-system customer. The monthly average commodity cost of gas shall be defined as the monthly average commodity cost of gas purchases for all supplies scheduled at the beginning of the month; provided, however, that if an additional unscheduled purchase is made during the month specifically for an off-system sale, such purchase shall be considered to be the gas used to make the off-system sale and the commodity cost of such purchase will be assigned to off-system sales up to the volume of the purchase.

Filing with the PUC: Audit, Rectification

The Company's annual reconciliation statement shall be submitted to the Commission by May 1 of each year, or such other time as the PUC may prescribe.

Quarterly Adjustments

When making the December 1, March 1, June 1 and September 1 quarterly C-factor adjustments, the Company will refund or recover all actual and projected incremental over or under collections from December 1 through November 30 over either remaining PGC year sales volumes or annual PGC year sales volumes. Any quarterly PGC rate change on December 1, March 1 and June 1 will be capped at 25% of the then-current PGC rate, with any amounts above this cap being brought forward for inclusion in the calculation of subsequent quarterly C-factor adjustments. Any quarterly PGC rate change on September 1 will be capped at 15% of the then-current PGC rate, with any amounts above this cap being brought forward for inclusion in the calculation of subsequent quarterly C-factor adjustments.

Rider B - Purchased Gas Cost (Mcf)

(C, I, D)

Annual C-Factor	\$ 4.4897
Annual E-Factor	\$ 0.1904
Total Purchased Gas Cost	<u>\$ 4.6801</u>

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

RULES AND REGULATIONS

15. PRICE TO COMPARE

(C, I, D)

The Price to Compare ("PTC") is composed of the Annual C-Factor, Annual E-Factor, Gas Procurement Charge and Merchant Function Charge. The PTC rate will change whenever any components of the PTC change. The current PTC rate is detailed below:

Price to Compare

	Rate R (CCF)	Rate N (MCF)
Annual C-Factor	\$ 0.44897	\$ 4.4897
Annual E-Factor	\$ 0.01904	\$ 0.1904
Gas Procurement Charge	\$ 0.00660	\$ 0.0660
Merchant Function Charge	\$ 0.00973	\$ 0.0112
Total Rate Schedule R Price to Compare	<u>\$ 0.48434</u>	<u>\$ 4.7573</u>

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

RULES AND REGULATIONS

16. RIDER F

UNIVERSAL SERVICE PROGRAM

APPLICABILITY AND PURPOSE

This Rider shall be applicable to all residential customers except customers in the Company's Customer Assistance Program ("CAP"). This Rider has been established to recover costs related to the Company's Universal Service and Conservation Programs, excluding internal administrative costs.

RATE

In addition to the charges provided in this tariff, an amount shall be added to the otherwise applicable charge for each MCF of sales volumes or distribution volumes distributed by the Company to customers receiving service under Rate Schedules R and RT.

The USP rate: \$0.2541/Mcf

(I)

CALCULATION OF RATE

The Rider USP rate shall be calculated to recover costs for the following programs: Low Income Usage Reduction Program (LIURP); Customer Assistance Program (CAP); Hardship Funds; and any other replacement or Commission-mandated Universal Service Program or low-income program that is implemented during the period that the Rider is in effect.

LIURP costs will be calculated based on the projected number of Level 1 income homes to be weatherized. Hardship Fund costs will be calculated on the projected level of an allocated share of administrative funds incurred by the UGI Operation Share Energy Fund.

CAP costs will be calculated to include

- 1) the projected CAP credit
- 2) projected CAP customer application and administrative costs; and
- 3) projected CAP pre-program arrearage forgiveness.

CAP Credit shall be defined as the difference between the total calculated Rate R bill, excluding Rider USP and CAP customer GET Gas charges, and the CAP bill and an adjustment for unearned credit amounts based upon the current discounts at normalized annual volumes of the then-current CAP participants and the projected CAP Credit for projected customer additions to CAP during the period that the CAP Rider rate will be in effect at the average discount of current CAP participants at normalized annual volumes.

(I) **Indicates Increase**

RULES AND REGULATIONS

17. RIDER G

ENERGY EFFICIENCY AND CONSERVATION RIDER

Applicability and Purpose

The Energy Efficiency and Conservation Rider ("EEC Rider") shall recover costs related to the Company's Energy Efficiency and Conservation Plan ("EECP"). The EEC Rider shall be computed separately for each of the following four customer classes:

1. Residential customers served under Rate Schedules R/RT,
2. Non-Residential customers served under Rate Schedules N/NT,
3. Non-Residential customers served under Rate Schedule DS, and
4. Non-Residential customers served under Rate Schedule LFD.

EEC Rider Rate:

Rate R/RT	\$0.2245/Mcf	(I)
Rate N/NT	\$0.0425/Mcf	(D)
Rate DS	\$0.0004/Mcf	
Rate LFD	\$0.0103/Mcf	(I)

The EEC Rider shall be subject to the State Tax Adjustment Surcharge.

Calculation

The EEC Rider shall be determined as follows:

1. Costs to be recovered shall include Company incurred costs to implement its Commission approved EECP during each plan year (October 1st through September 30th) (Plan Year), including all costs incurred to develop and administer the Company's EECP.
2. The Residential EEC Rider shall be calculated in accordance with the formula below and shall be rounded to the fourth decimal:

$$\text{Residential EEC Rider} = (\text{Cr} / \text{Sr}) - (\text{Er} / \text{Sr}) \text{ where}$$

Cr = Projected Residential EECP

Costs. Sr = Projected Residential
Class Sales.

Er = Net over or under collection of the Residential EEC Rider resulting from the difference between the EEC Rider revenues received and the EECP costs incurred.

(I) Indicates Increase (D) Indicates Decrease

RULES AND REGULATIONS

20. Rider J

GAS DELIVERY ENHANCEMENT RIDER

Applicability and Purpose:

The Gas Delivery Enhancement Rider ("GDE") shall provide a mechanism to recover the portion of temporary mobile sources of gas supply and interstate pipeline demand charge enhancements (collectively "GDE Charges") that are incurred to achieve least-cost timely solutions to system reinforcement needs or for pipeline integrity management activities for customers taking service under Rate Schedules:(1) DS and (2) LFD. The allocation of GDE Charges to each of the foregoing Rate Classes will be established by the Company's annual Purchased Gas Cost Proceeding.

GDE Rider Rate:

Rate DS \$0.0117 per Mcf (all volumes) (I)
Rate LFD \$0.0117 per Mcf (all volumes) (I)

The GDE Rider shall be subject to the State Tax Adjustment Surcharge.

Calculation of Rate:

The GDE Rider shall be calculated in accordance with the formula below and shall be rounded to the fourth decimal:

$$\text{GDE Rider} = (F + De + Ca + EN) / (\text{Mcf})$$

F = Fixed costs for physical infrastructure required to provide mobile sources of gas supply

DE = Demand enhancement charges

Ca = A commodity adder equal to the difference between the indexed price of natural gas for the affected portion of the service territory and the contracted price of alternative fuel that is used in lieu of natural gas during the system reinforcement.

EN = Net over or under collection of the GDE Rider resulting from the difference between the GDE Rider revenues received and the GDE Rider costs incurred.

Mcf = 1,000 cubic feet of gas supplied under Rate Schedules DS and LFD.

Annual Reconciliation:

In accordance with cost determinations in the Company's annual Purchased Gas Cost filings, GDE Rider costs and revenues will be reconciled on an annual basis that coincides with the Company's Purchased Gas Cost year for the period December 1 through November 30 and will be filed with the Commission on one day's notice to be effective December 1 of each year. Any over or under collection at the end of the period above shall be recovered or refunded through continuation of the GDE Rider until full recovery or refund has occurred.

(I) Indicates Increase

RULES AND REGULATIONS

**22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS
THROUGH OCTOBER 31, 2020 - Continued**

- (i) Recognition of Supplies. Volumes transported on behalf of the Customer will be recognized in the Customer's current billing month based on nominated or scheduled volumes information and may be adjusted after notification is received from the pipeline supplier(s) of the volumes transported on behalf of the Customer. Volumes scheduled shall be determined on the basis of best available actual or confirmed pipeline and/or Company information at the time of billing.
- (j) Unless otherwise negotiated under Rate XD, the Company shall retain for Company use gas, and lost and unaccounted for gas, 1.1% of the total volume of gas delivered into its system for the Customer's account. The lost and unaccounted for gas for the non-choice program will be 0.6% for the former South rate district, 1.3% for the former North rate district, and 2.5% for the former Central rate district. (I) (I) (D,I)

22.2 Balancing and No-Notice Service.

- (a) Each Customer shall use best efforts to balance purchases, deliveries and receipts of gas at all times. Except as specified in 22.1(f), for the purposes of balancing excess deliveries and shortfalls and purchasing services under Rates NNS and MBS, Billing Pools may be treated as a single entity. Subject to the terms and conditions set forth below, the Company shall provide no-notice and monthly balancing services under Rate Schedules NNS and MBS. Service under Rate Schedules NNS and MBS is available only for inadvertent fluctuations, limited by the terms and conditions of each Rate Schedule, and is not available to speculate as to fuel prices or otherwise to permit imbalances which reasonably could have been avoided. In the event the Customer fails to use best efforts to balance deliveries and receipts, or otherwise misuses no-notice or balancing services as determined by the Company in its sole discretion, Section 22.4 shall apply for the period of such default or misuse.
- (b) Daily Balancing. The Company shall allow Customer's daily demand to inadvertently vary from daily scheduled deliveries by +/-10.0% (former South Rate District) and +/-2.5% (former North & Central Rate Districts) without imposing Daily Balancing Charges, provided the total daily quantity taken does not exceed Customer's Daily Firm Requirement, MDQ or otherwise specified contract demand limit. Daily imbalances in excess of the +/-10.0% (former South Rate District) and +/-2.5% (former North & Central Rate Districts) tolerance, unless otherwise provided by service elected under Rate NNS, shall be assessed a Maximum Daily Excess Balancing Charge in accordance with Section 22.4 under Critical Day and Non-Critical Day criteria unless otherwise specified in Customer's contract, in addition to the charges specified in Rates DS, LFD, XD and IS, on all such quantities.
- (c) Imbalance Resolution. Customer's monthly imbalances will be calculated at the end of each billing period to determine if any overdelivery (excess) or underdelivery (shortfall) condition exists for volumes scheduled versus volumes metered. If the Customer is determined to be in an imbalance condition, and has not elected service under Rate MBS, then the Company shall sell, and the Customer shall buy any shortfall amount according to the following cash-out pricing:

(I) Indicates Increase (D) Indicates Decrease

RULES AND REGULATIONS**22A. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS
Effective November 1, 2020 - Continued**

(i) Recognition of Supplies. Volumes transported on behalf of the Customer will be recognized in the Customer's current billing month based on nominated or scheduled volumes information and may be adjusted after notification is received from the pipeline supplier(s) of the volumes transported on behalf of the Customer. Volumes scheduled shall be determined on the basis of best available actual or confirmed pipeline and/or Company information at the time of billing.

(j) Unless otherwise negotiated under Rate XD, the Company shall retain for Company use gas, and lost and unaccounted for gas, 1.1% of the total volume of gas delivered into its system for the Customer's account. (I)

22A.2 Balancing and No-Notice Service.

(a) Each Customer shall use best efforts to balance purchases, deliveries and receipts of gas at all times. Except as specified in 22.1(f), for the purposes of balancing excess deliveries and shortfalls and purchasing services under Rates NNS and MBS, Billing Pools may be treated as a single entity. Subject to the terms and conditions set forth below, the Company shall provide no-notice and monthly balancing services under Rate Schedules NNS and MBS. Service under Rate Schedules NNS and MBS is available only for inadvertent fluctuations, limited by the terms and conditions of each Rate Schedule, and is not available to speculate as to fuel prices or otherwise to permit imbalances which reasonably could have been avoided. In the event the Customer fails to use best efforts to balance deliveries and receipts, or otherwise misuses no-notice or balancing services as determined by the Company in its sole discretion, Section 22.4 shall apply for the period of such default or misuse.

(b) Daily Balancing. The Company shall allow Customer's daily demand to inadvertently vary from daily scheduled deliveries by +/-4.5% without imposing Daily Balancing Charges, provided the total daily quantity taken does not exceed Customer's Daily Firm Requirement, MDQ or otherwise specified contract demand limit. Daily imbalances in excess of the +/-4.5% tolerance, unless otherwise provided by service elected under Rate NNS, shall be assessed a Maximum Daily Excess Balancing Charge in accordance with Section 22.4 under Critical Day and Non-Critical Day criteria unless otherwise specified in Customer's contract, in addition to the charges specified in Rates DS, LFD, XD and IS, on all such quantities.

(c) Imbalance Resolution. Customer's monthly imbalances will be calculated at the end of each billing period to determine if any overdelivery (excess) or underdelivery (shortfall) condition exists for volumes scheduled versus volumes metered. If the Customer is determined to be in an imbalance condition, and has not elected service under Rate MBS or has exceeded the 10% imbalance allowance provided under Rate MBS, then the Company shall sell and the Customer shall buy, subject to the 5 percent limitation under Rate MBS, any shortfall amount according to the following cash-out pricing:

(I) Indicates Increase

RATE GBM

GAS BEYOND THE MAINS (Piped Propane Service)

APPLICABILITY

This Page is applicable to customers receiving Piped Propane service in accordance with the Commission's Final Order at Docket No. M-2008-2072850 entered on December 19, 2013.

AVAILABILITY

In accordance with the Commission's Final Order at Docket No. M-2008-2072850 entered on December 19, 2013, Rate GBM is available to small commercial customers until UGI obtains authority from the Commission to abandon such service no later than December 31, 2020, who are served by piped propane systems in existence as of December 19, 2013 ("Existing Propane Systems"), or through reasonable extensions of such Existing Propane Systems made consistent with the line extension provisions of this tariff.

MONTHLY RATE TABLE

Customer Charge: \$23.50 per customer

Plus

Distribution Charge: \$3.5177 per Mcf

Plus

GBM Commodity Rate: \$20.6806 per Mcf

(D)

Plus

SURCHARGES and RIDERS

- Rider A - State Tax Adjustment Surcharge
- Rider C - Extended TCJA Temporary Surcharge
- Rider D - Merchant Function Charge
- Rider G - Energy Efficiency and Conservation
- Rider I - Distribution System Improvement Charge

The GBM Commodity Rate (a) is designed to recover the full costs of propane acquired to provide GBM service without subsidies from non-GBM service customers, (b) shall be reconciled annually with the resulting over-under collection being recovered or refunded through an E-Factor applied over the next annual period, (c) shall be subject to quarterly PGC adjustments, effective on one day's notice, effective March 1, June 1 and September 1. To the extent there is an over or under recovery of propane costs at the time Rate GBM service is ended, the balance shall be recovered or refunded from all Rate R and N customers by inclusion in the subsequent PGC Gas Cost Adjustment charge calculation.

(D) Indicates Decrease

RATE MBS - Continued

MONTHLY BALANCING SERVICE

MONTHLY RATE TABLE

Monthly Transportation Volume

Rate DS/IS	\$0.0254/Mcf x Monthly Billed Volumes	(I)
Rate LFD	\$0.0147/Mcf x Monthly Billed Volumes	(I)
Rate XD	\$0.0151/Mcf x Monthly Billed Volumes	(I)

The Company will update the average monthly imbalance utilized in the development of Rate MBS charges annually with the actual average monthly imbalance for the 12-month period ending September to determine the new Rate MBS charges effective December 1 each year. The Company shall include the new Rate MBS charges as part of its annual PGC compliance filing.

(I)Indicates Increase

UGI UTILITIES, INC. - GAS DIVISION
GAS CHOICE SUPPLIER TARIFF NO. 7S

Rates and Rules
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This tariff makes changes to existing rules and regulations and decreases rates (see page 2).

RULES AND REGULATIONS**5. OPERATIONAL REQUIREMENTS**

- 5.1 Daily Delivery Requirements. The Company will communicate to each Choice Supplier a Daily Delivery Requirement (DDR). The DDR will be the required amount of gas to be delivered for the indicated date for each Choice Supplier's pool of customers served under Rate Schedules RT and NT and may specify the required points of delivery. The DDR includes a volume of gas that the Company will retain for Company use gas, and lost and unaccounted for gas, equal to 1.1% of total volume of gas delivered into its system for the Customer's account. Choice Suppliers who fail to deliver their DDR will be subject to penalties and imbalance charges as outlined in Rate AG. (I)
- 5.2 Daily Flow Directive. An order issued by the Company to address system management issues including actions necessary to comply with statutory directives and obligations. DFDs will be communicated to affected Customers or NGSSs via e-mail if the Customer or NGSSs prefer to receive notice in this manner and provide a valid e-mail address, or if no such preference is expressed, either electronically, by telephone, through the use of the media or by an alternate mutually agreed upon method between the Company and the Customer or NGS. DFD notices shall include an explanation of the cause of the DFD. Customers and NGSSs must provide the Company with a 24-hour contact for DFDs. Failure to comply with a DFD may result in the Customer or NGS being assessed the penalty charge set forth in Section 22.4 of the Company's Gas Service Tariff.
- 5.3 Operational Flow Orders. A directive issued by the Company that is reasonably necessary to alleviate conditions that threaten the operational integrity of the Company's system, including actions necessary to comply with statutory directives and obligations. OFOs will be communicated as soon as reasonably practical to affected Customers or NGSSs via e-mail if the Customer or NGSSs prefer to receive notice in this manner and provide a valid e-mail address, or if no such preference is expressed, either electronically, by telephone, through the use of the media or by an alternate mutually agreed upon method between the Company and the Customer or NGS. OFO notices shall include an explanation of the cause of the DFD. Customers and NGSSs must provide the Company with a 24-hour contact for OFOs. Failure to comply with an OFO may result in the Customer or NGS being assessed the penalty charge set forth in Section 22.4 of the Company's Gas Service Tariff.
- 5.4 POR Volumetric Eligibility Requirements for Rate NT. All Rate NT Customers with annual usage of 1,000 Mcf or less will be eligible for inclusion into a POR program.

(I) Indicates Increase

RULES AND REGULATIONS**7. NOMINATION PROCEDURE**

- 7.1 Customer Choice Nomination Procedure. The Nomination Procedure specifies requirements for nominating, scheduling, balancing, and communicating information relating to Choice Supplier's gas deliveries for customers served under Rates RT and NT.
- 7.2 Contact Persons. A list of Company contact persons will be posted on the Company's Web Site, located at <http://gasmgmt.ugi.com/>, or its successor, along with their department affiliation, email address, and telephone number.
- 7.3 Mandatory Assignment. As used in this tariff the term "Firm Commodity Supply Alternative" shall mean a Company purchase of natural gas, delivered directly to its distribution system or at points along Company pipeline capacity routes (Commodity Delivery Points), constituting a component of Company's PGC supply portfolio and an alternative to pipeline capacity contracts upstream of the Commodity Delivery Points or other firm sources of PGC supply. Firm Commodity Supply Alternative contractual arrangements may require the payment of demand charges or minimum take requirements. Except as provided below, Choice supplier shall be required to accept releases of Company pipeline capacity combined with bundled city gate sales and, as applicable, peaking sales of gas from Company and sales of gas associated with Firm Commodity Supply Alternative arrangements, in accordance with the following assignments:

A monthly release of interstate pipeline capacity or allocation of Firm Commodity Supply Alternative in an amount equal to twenty-five and three-tenths percent (C) (25.3%) of the Peak Day Delivery Requirement ("PDDR") of the Choice Customers served by the Choice Supplier during the month shall be released or allocated at a price equal to the projected weighted average demand cost of all PGC capacity, storage, peaking and Firm Commodity Supply Alternative assets, divided by .253. (C) Effective November 1, 2020, to the extent the full Firm Commodity Supply Alternative is not fully nominated by Choice Supplier to satisfy its DDR, the remaining daily quantity may be nominated to a non-Choice transportation customer or pool of non-Choice transportation customers.

The Company shall also provide Choice Suppliers with a must-take Monthly Bundled Sale Quantity ("MBSQ") during each winter month of November through March, and the Choice Supplier would be permitted to nominate and purchase gas at the Company's city gates throughout each winter month, subject to the Maximum Daily Quantity ("MDQ") limits, up to the MBSQ. The MDQ equals twenty-two percent (22%) of the PDDR of the Choice Customers served by the Choice Supplier during the month multiplied by the percentage shown on the Company's Energy Management website under the heading Maximum Daily Bundled Sale Percentages. The minimum daily quantity is zero. Choice Suppliers are required to nominate to the Company a daily quantity for bundled sales no later than 2:00 P.M. Eastern Prevailing Time on each Intercontinental Exchange ("ICE") trading day for deliveries applicable to the ICE flow dates. If no nomination is received, the nomination quantity would default to zero. The Company reserves the right to issue Operational Flow Orders ("OFO") that can modify the daily bundled sale MDQ or require certain levels of deliveries from the released firm transportation contracts. These OFOs would be issued for operational reasons only. MBSQs would be based on the Company's storage withdrawal plan, to be updated annually, and communicated as a percentage of each Choice Supplier's pre-month normalized

(C) Indicates Change

RULES AND REGULATIONS

7. NOMINATION PROCEDURE - CONTINUED

In addition to the bundled sales described above, Choice Suppliers shall be required to purchase from Company a separate bundled sale on peak days ("Peaking Sale") equal to an amount up to thirty-nine percent (39%) of the PDDR of the Choice Customers served by the Choice Supplier during the month. The Peaking Sale would be made on winter days when the Choice Supplier's DDR exceeds the sum of the released firm capacity and the MDQ associated with the bundled sale. The Peaking Sale quantity would be the difference of the Choice Supplier's DDR minus the sum of the released firm capacity and the MDQ associated with the bundled sale. The Peaking Sale price would be based on the commodity cost of the Company's peaking services. If weather conditions cause the Choice Supplier's DDR to exceed the Choice Supplier's PDDR, the Choice Supplier would be responsible for arranging for supplies to meet the additional delivery requirements for its Choice Customers. (C)

Also in addition to the bundled sales described above, to the extent Company's design cold PGC supply portfolio includes Firm Commodity Supply Alternative contractual arrangements containing minimum take requirements, Choice Supplier shall also be required to make monthly purchases of natural gas from Company in an amount and at the commodity price Company would have been required to pay under the Firm Commodity Supply Alternative contractual arrangements had the Choice Customers projected to be served by the Choice Supplier during the month received PGC service. To the extent Company's design cold PGC supply portfolio includes Firm Commodity Supply Alternative contractual arrangements not containing minimum take requirements, Choice Supplier may elect on a month-to-month basis to make monthly bundled city gate purchases of natural gas from Company in an amount and at the commodity price Company would have been required to pay had the Choice Customers projected to be served by the Choice Supplier during the month received PGC service, provided, however, that nothing in this section shall preclude the Company from issuing OFOs requiring additional purchases of natural gas in accordance with the provisions of Section 5.3 of this tariff.

- 7.4 Capacity Recall. All capacity assigned, released or transferred by Company is subject to recall, or in the event:
- a. A Choice Supplier is disqualified as an approved Choice Supplier on Company's system; or
 - b. The amount of capacity assigned, release or otherwise transferred is no longer required to serve the Choice Supplier's Pool; or
 - c. The Choice Supplier fails to comply with Section 4 of this tariff (Supplier Obligations) and the capacity is required by the Company or PUC approved Supplier of Last Resort to meet its firm commitments; or
 - d. The capacity is needed to protect the Company's gas distribution system integrity or meet the Company's public utility obligations.

(C) Indicates Change