

**RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF GAS (Continued)**

2. Service Limitations

2.1 Availability

The use of the Company's service shall not be for any purpose other than that covered by the availability provisions of the rate under which service is supplied.

2.2 Transmission Lines

Transmission pipelines or high pressure "D-Line" distribution facilities, from which gas may be supplied to customers along the route thereof, are not intended and cannot be maintained solely for service to such customers. The Company may refuse to render service from such pipelines in those instances where hazardous conditions of service might result from the pressures involved, where the service is subject to early termination, or partial or complete failure, arising from depletion or insufficiency of local gas supply, where the costs incident to rendering service would be of such nature as to result in discrimination against other customers, or where for other reasons, such as the temporary nature of certain pipelines, the service would be of short duration, hazardous or inadequate. (See Rule 18.7-Termination of Service from Transmission Pipelines.)

2.3 Gas Emergency Rules

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2.3.1 Definitions

- A. "Alternate Fuel Capability" shall mean a situation in which an alternate fuel could have been utilized whether or not the facilities for such use have actually been installed. For purposes of this definition, alternate fuel means any fuel other than natural gas.
- B. "Emergency" shall mean whenever the aggregate demand of firm service customers 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 in demand creates an immediate threat to the Company's system operating integrity with respect to Priority 1 customers, as defined in the Priority-based Curtailment definitions.
- C. "Emergency Action Curtailments" shall mean curtailments of natural gas supply service and/or distribution service pursuant to these Gas Emergency Rules.
- D. "Essential Human Needs Use" shall mean gas usage by customers for service to any buildings where persons normally dwell including, but not limited to, apartment houses, dormitories, hotels, hospitals, and nursing homes as well as the use of natural gas by sewage plants.

(C) Indicates Change

**RULES AND REGULATIONS GOVERNING THE
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2. Service Limitations - Continued

2.3 Gas Emergency Rules- Continued

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- E. "Firm Service" shall mean service pursuant to schedules or contracts under which the utility is expressly or impliedly obligated to deliver specific volumes within a given time period or which anticipate no interruptions, but which may permit unexpected interruptions in case service to higher priority customers is threatened. A utility shall be deemed to be implicitly obligated to deliver specific volumes where such utility has by any means previously or presently established periodic allocations for its customers.
- F. "Interruptible Service" shall mean service pursuant to schedules or contracts under which the utility expressly or impliedly reserves the option to interrupt or curtail deliveries.
- G. "Plant Protection Use" shall mean minimum volumes of natural gas required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an alternate fuel. Plant protection requirements include volumes necessary for the protection of such material in process as would otherwise be destroyed, but does not include deliveries required to maintain production.
- H. "Priority 1" shall mean gas supply and distribution services for Essential Human Needs Use.

2.3.2. Emergency Actions Curtailments

- A. In the event of an Emergency, if, in the sole judgment of the Company, there is sufficient time, the Company shall use reasonable business and operational efforts to: interrupt all interruptible services, issue Operational Flow and Matching Orders and Operational Alerts pursuant to the Rules Applicable to Distribution Service section of this tariff, and call for voluntary usage reductions by all customers prior to requiring reductions in gas consumption according to the provisions below.
- B. In the event of an Emergency, the Company may curtail, in part or in whole, natural gas supply and/or distribution service for each commercial and industrial customer that is not a Priority 1 customer. Such curtailments will be made without regard to priorities of use as necessary to minimize the potential threat to public health and safety. Emergency Action curtailments will not require reductions to a level below the amount necessary for Plant Protection Use as defined in the Priority-Based Curtailment Definitions section. 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. The Company shall 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.

(C) Indicates Change

**RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF GAS (Continued)**

2. Service Limitations - Continued

2.3 Gas Emergency Rules Continued

- C. In order to implement Emergency Action Curtailments, the Company shall provide an authorized usage factor using the means most likely to reach impacted customers (via telephone, fax, e-mail, electronic bulletin board or other reasonable means). For industrial and commercial customers taking General Distribution Service, the authorized usage factor will be based on each customer's then current Maximum Daily Volume. For sales service customers, the Company will base the authorized usage factor upon a recent billing month or other readily available consumption data that is available to both the customer and the Company. (C)
- D. Emergency Action Curtailments shall be for a period specified by the Company until further notice, but shall last no more than five business days unless extended by Commission order. As an alternative to extending mandatory reductions for periods beyond five days, the Commission may order the Company to initiate Priority-Based Curtailments as defined below. The Company may change a customer's authorized usage factor, upon notice, at any time during an Emergency.

2.3.3 Priority-Based Curtailments

- A. In the event the Commission orders a Priority-Based Curtailment, it will be administered in the following order, without incurring thereby any liability for any subsequent loss, injury, expense or damage which the customer may sustain by reason of such curtailment or discontinuance. If less than all of the requirements under a classification must be curtailed or discontinued, the Company will implement the curtailment or discontinuance on a pro-rata basis to the extent feasible, but may require curtailment in only portions of the Company's service territory. The following priority listing identifies the order of interruption for distribution services and sales services by incorporating the interruption requirements found in the Rules Applicable to Distribution Service.
- B. In the event the Commission orders a Priority-Based Curtailment, the Company shall provide all affected customers the maximum notice possible, by means of telephone, fax or other acceptable forms of electronic communications and will specify the curtailment percentage of the customer's firm gas service and resulting allowance as may be the case.

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**RULES AND REGULATIONS GOVERNING THE
 DISTRIBUTION AND SALE OF GAS (Continued)**

2.3 Gas Emergency Rules - Continued

Order of Curtailment	Priority	Rate Schedule	Type of Gas
1	7	CDS, MLDS, LDS, NSS, NCS, GDS, NGV, SDSS	Non-Flowing Distribution and Interruptible Service
2	6	SDS, SGDS	Non-Flowing Distribution and Interruptible Service
3	5	CDS, MLDS, LDS, NCS, GDS, NGV	Flowing Non-Contiguous Distribution Service
4	4	SDS, SGDS	Flowing Non-Contiguous Distribution Service
5	3	CDS, MLDS, LDS, SDS, SGDS, MLSS, LGSS, SGSS, SS, NCS, GDS, NGV, NSS	Industrial Flowing Contiguous Distribution and Firm and Interruptible Service
6	2	CDS, MLDS, LDS, SDS, SGDS, MLSS, LGSS, SGSS, SS, NCS, GDS, NGV, SCD, NSS	Commercial Flowing Contiguous Distribution and Firm Non-Human Needs and Interruptible Service
7	1	RSS, SGSS, LGSS, MLSS, MLDS, LDS, SS, RDS, SDS, SGDS, PPS	Residential and Essential Human Needs Service

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Notes:

- 1) "Non-flowing Distribution" as used in Priorities (6) and (7) above is defined as the failure of customer-owned supplies to reach a Delivery Point of the Company as enumerated in the Rules Applicable to the Distribution Service.
- 2) "Flowing Non-Contiguous Distribution" as used in Priorities (4) and (5) above is defined as customer-owned supplies which have reached a Delivery Point of the Company, but at a Local Market Area other than the one in which the customers are located as defined in the Rules Applicable to Distribution Service.
- 3) "Flowing Contiguous Distribution" as used in Priority Categories (2) and (3) above is defined as customer-owned supplies which have reached a Delivery Point in the same Company Local Market Area in which the Customer's facilities are located as defined in the Rules Applicable to Distribution Service.
- 4) Customers in a higher priority, with Priority 1 being the highest, will not be curtailed until all customers falling into a lower priority have been restricted to plant protection use levels, unless operational circumstances or physical limitations warrant a different result.
- 5) Where only a partial restriction of a priority category is required, implementation shall be pro-rata to the extent practicable under the circumstances.

(C) Indicates Change

**RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF GAS (Continued)**

2. Service Limitations - Continued

2.3 Gas Emergency Rules- Continued

2.3.4 Penalty Provisions

A. Penalty for Unauthorized Use

When a customer consumes more gas than the authorized usage factor specified by the Company under the Gas Emergency Rules section of this tariff, the Customer shall pay a penalty computed at a rate of: (a) Ten Dollars (\$10.00) per Mcf for all volumes taken in excess of one hundred and three percent (103%) but not in excess of one hundred and ten percent (110%); (b) Twenty Dollars (\$20.00) per Mcf for all volumes taken in excess of one hundred and ten percent (110%) but not in excess of one hundred and twenty-five percent (125%); and (c) Fifty Dollars (\$50.00) per Mcf for all volumes taken in excess of one hundred and twenty-five percent (125%) of the customer's authorized usage factor.

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Any penalty charges incurred will be billed for the billing month in which the unauthorized consumption first occurs. Penalty charges will be due and Customer shall be subject to disconnection of service for nonpayment of such charges in accordance with the Rules and Regulations Governing the Distribution and Sale of Gas of this tariff.

B. Continued Violation

The Company may discontinue service, for the duration of an emergency, to a customer that takes gas in violation of the provisions of the Gas Emergency Rules section of this tariff.

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(C) Indicates Change

**RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF GAS (Continued)**

2. Service Limitations - Continued

2.3 Gas Emergency Rules – Continued

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C. Disposition of Penalties

As of December 31 of each year, the Company shall total all penalties then collected from all Customers resulting from the Gas Emergency Rules applicable to the contract period of the same year. As of December 31 of each year, the Company shall also total the penalties paid to its supplier(s) for volumes taken in excess of the volumes authorized by supplier(s) for the contract period of the same year. The Company shall return to all Customers who did not incur penalties under the penalty provisions of the Gas Emergency Rules all penalties collected under the Gas Emergency Rules in excess of those penalties paid to the Company's supplier(s). The total amount of such penalties to be returned shall be divided by the total volume of sales to all Customers who did not incur penalties during the contract period. The result of this computation shall represent the factor to be multiplied by each such Customer's total purchase volumes during the applicable contract period to determine the amount to be returned for each such Customer as a credit on the invoice to Customer for the January billing month. If the credit computed as above is less than one-hundredth of a cent, the penalties to be returned shall be temporarily retained and added to the penalties to be returned in the subsequent period. All references to "contract period" in this Section shall mean a twelve-month period ended October 31.

2.4 Emergency Curtailment for Tests or Repairs

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If an emergency situation arises such as the necessity to modify, test, replace or repair the Company's facilities, or the facilities of the Company's supplier of gas, and the gas available for distribution by the Company is insufficient to meet all of the Customer's authorized volumes, then the Company, upon providing as much notice as possible to customer, shall order additional curtailment to customer to the extent required. Such additional reduction required shall be determined by the Company without regard to priorities of use; however, the authorized volume shall not be lower than the minimum volume necessary for Plant Protection Use. In the event the initial notice of additional curtailment to Customer is oral, such notice must be confirmed in writing within forty-eight (48) hours. The Commission will be notified immediately of the declaration of an emergency situation.

If Customer exceeds its authorized usage factor during a period of Emergency Curtailment for Tests or Repairs, Customer shall pay a penalty computed at the rate of (a) Ten Dollars (\$10.00) per Mcf for all volumes taken in excess of one hundred and three percent (103%) but not in excess of one hundred and ten percent (110%) and (b) Twenty-five Dollars (\$25.00) per Mcf for all volumes taken in excess of one hundred and ten percent (110%) of the Customer's emergency authorized volume.

(C) Indicates Change

**RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF GAS (Continued)**

2. Service Limitations - Continued

2.5 Compliance with Minimum Insulation Standards

The Company shall refuse service to all applicants for new gas service at facilities that do not meet the minimum insulation standards as prescribed herein. All applicants for new gas service must certify that the following minimum insulation standards have been met before service will be established.

2.5.1 Minimum insulation Standards - Residential Structures

A residential structure is a single-family residence, duplex, townhouse or multi-family apartment.

Any new or renovated residential structure to be served with gas for space heating purposes shall be thermally protected to the minimum standards set for new or renovated residential structures in the "Building Energy Conservation Act", as amended from time to time by the Commonwealth of Pennsylvania, and the rules and regulations lawfully promulgated thereunder by the Pennsylvania Public Utility Commission and the Pennsylvania Department of Community Affairs.

The following standards shall apply to existing residential dwellings where economically feasible:

- (a) The thermal resistance of building sections adjacent to heated space shall be:
- | | <u>Minimum</u> |
|--|----------------|
| 1. Roof/ceiling | R-19 |
| 2. Exterior Walls | R-11 |
| 3. Floors over unheated crawl spaces and unheated basements | R-11 |
| 4. Floors over unheated garages and areas open to the outside | R-19 |
| 5. Foundation walls above frostline, including walls in living areas and basements | R-7 |
| 6. Edge insulation | R-5 |
| 7. Heating ducts in unheated areas | R-5 |
- (b) Storm doors or insulated doors and storm windows or windows glazed with insulating glass shall be installed.
- (c) Main entrance doors to multi-family apartment buildings shall be self-closing.
- (d) Automatic thermostats should be used.
- (e) Vapor barriers with adequate ventilation, weatherstripping, sill sealers, exterior caulking and attic fans shall be used wherever applicable.

**RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF GAS (Continued)**

2. Service Limitations - Continued

2.5 Compliance with Minimum Insulation Standards -Continued

These standards shall apply to existing residential dwellings where economically and feasibly possible.

Mobile homes constructed after June 15, 1976 must meet the HUD "Mobile Home Construction and Safety Standards".

Mobile homes constructed before June 15, 1976 must satisfy this minimum thermal standard: "Storm doors or insulated doors and storm windows or windows glazed with insulating glass shall be installed."

2.5.2 Minimum Insulation Standards--Commercial and Industrial Structures

Any new commercial or industrial structure, where natural gas is to be utilized for space heating, must be thermally protected to the minimum thermal protection standards of ASHRAE 90-75.

Any existing commercial or industrial structure, where gas is to be utilized for space heating, must be thermally protected to the minimum thermal protection standards of ASHRAE 90-75 where economically and physically possible.

Where natural gas is to be used for product processing, the application for gas service will be reviewed by the Company to determine if the applicant has considered the economically efficient use of gas.