

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

6. Credit – Continued

6.2 Deposits

(C)

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 for residential service will equal one sixth of the estimated annual bill of the property for which the residential utility service is requested. The estimated annual bill shall be calculated on the basis of the annual bill to the dwelling at which service is being requested for the prior 12 months, or, if unavailable, a similar dwelling in close proximity. Deposits required by the Company for Tariff regulated charges shall be based on only those regulated charges. Any customer having secured the return of a deposit shall not be required to make a new deposit unless the service has been discontinued or the customer's credit standing impaired through failure to comply with Tariff provisions.

(1) Residential Deposits

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(A) A deposit for residential service may be required from the following:

1. An Applicant who previously received utility distribution services and was a customer of the Company and whose service was terminated for any of the following reasons:
 - (a) Nonpayment of an undisputed delinquent account.
 - (b) Failure to complete payment of a deposit, provide a guarantee or establish credit.
 - (c) Failure to permit access to meters, service connections or other property of the Company for the purpose of replacement, maintenance, repair or meter reading.
 - (d) Unauthorized use of the utility service delivered on or about the affected dwelling.
 - (e) Failure to comply with the material terms of a settlement or payment agreement.
 - (f) Fraud or material misrepresentation of identity for the purpose of obtaining utility service.
 - (g) Tampering with meters, including, but not limited to, bypassing a meter or removal of an automatic meter reading device or other public utility equipment.
 - (h) Violating tariff provisions on file with the commission so as to endanger the safety of a person or the integrity of the delivery system of the public utility.
2. Any residential Applicant or Customer who is unable to establish creditworthiness to the satisfaction of the Company through the use of a generally accepted credit scoring methodology which employs standards for using the methodology that fall within the range of general industry practice. The Company may use other means to determine credit worthiness for commercial and industrial customers.
3. A customer who fails to comply with a material term or condition of a settlement or payment agreement.

(C)

(B) The Company may accept a third-party guarantor in lieu of a cash deposit for a residential account. The guaranty shall be in writing and shall state the terms of the guaranty. The Guarantor shall be responsible for all missed payments owed to the Company.

(C) Indicates Change

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

6. Credit - Continued

6.2 Deposits – Continued

(2) Non-Residential Deposits.

(C)

(A) Deposits may be required from all other applicants or customers. The Company shall perform a creditworthiness evaluation of the Applicant or Customer, including an assessment of the credit risk exposure resulting from, but not limited to, distribution rates, customer charges, charges for natural gas supply, interstate pipeline capacity charges, imbalance charges, cash-out charges, pipeline penalty charges, and any other amounts that may become owed to the Company by the Applicant or Customer. If at any time before or during the provision of service to the Applicant or Customer the Company determines that the credit risk exposure is greater than any secured and/or unsecured credit that may be granted resulting from the creditworthiness evaluation, the Applicant or Customer must provide the Company with adequate financial assurance to cover the difference between the credit risk exposure and any secured and/or unsecured credit granted prior to, or to continue receiving any type of service from the Company.

6.3 Return of Deposit

The Company may hold a deposit secured from a residential customer until a timely payment history is established or for a maximum period of twenty-four (24) months. A timely payment history is established when a residential customer has paid in full and on time for twelve (12) consecutive months. If a residential customer becomes delinquent before the end of the deposit holding period the Company may deduct the outstanding balance from the deposit. At the end of the deposit-holding period, the Company shall deduct the outstanding balance from the deposit and return or credit any positive difference to the customer. If service is terminated before the end of the deposit-holding period, the Company shall deduct the outstanding balance from the deposit and return any positive difference to the customer within sixty (60) days of the termination.

Deposits secured from a non-residential customer shall be returned to the depositor when undisputed bills covering a period of twelve (12) months have been paid. The payment of any undisputed bill, within the meaning of the Public Utility Law, shall be payment of the bill with or without discount or penalty, 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 favor of the customer, and payment made by the customer within ten (10) days thereafter.

6.4 Interest on Deposits

The Company shall accrue on the deposit for a residential account, until it is returned or credited, the legal rate of interest pursuant to section 202 of the Act of January 30, 1974 (P.L.13, No.6), referred to as The Loan Interest and Protection Law, and return such interest with the deposit.

The Company will pay interest on cash deposits from non-residential customers at the rate of six percent (6%) per annum, without deduction for any taxes thereon. Non-residential accounts with deposits held for more than a year, will receive a credit toward their outstanding balance for any accrued interest. The credit will be applied at the end of each calendar year.

(C) Indicates Change

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

6. Credit - Continued

6.5 Time for Paying Deposits

Upon reconnection of service at a premise previously terminated for non-payment, the Company may require the Applicant to pay a cash deposit and the Applicant shall have up to 90 days to pay the deposit in accordance with the provisions of Chapter 56. The Company may require an Applicant to pay the full amount of the cash deposit prior to connection if the premise was not previously terminated for non-payment.

6.6 Failure to Pay Full Amount of Cash Deposit

The Company may deny service to an Applicant who requests service at a premise previously terminated for non-payment if the Applicant fails to pay the first installment of the cash deposit in accordance with the provisions of Chapter 56. The Company may terminate service to a customer who began taking service at a premise previously terminated for non-payment when the Customer fails to pay the full amount of the cash deposit in accordance with the provisions of Chapter 56. At all other premises, the Company shall not be required to provide service to an Applicant who fails to pay the full amount of the cash deposit, and the Company may terminate service to a Customer who fails to pay the full amount of the cash deposit.