

RIDER EBS – ELECTIVE BALANCING SERVICES

APPLICABILITY

Throughout the territory served under this Tariff.

AVAILABILITY

This Rider has been established to provide balancing service options for General Distribution Service (GDS) customers in Pennsylvania.

In addition to the charges provided in the customer's rate schedule, an amount may be added to the otherwise applicable charge for each thm of distribution quantities distributed by the Company to a customer receiving service under Rate Schedules SGDS, SDS, LDS, and MLDS, or successor rate schedules, for EBS service as provided below. Rider EBS contains three options for balancing service as described below. (C)

SERVICE OPTIONS:

Option 1: FULL BALANCING SERVICE

Full Balancing Service provides the Customer Proxy with the opportunity to: (1) maintain a bank from month to month on the Company's system; (2) access banked gas on a firm basis pursuant to the Seasonal Flow Order, Operational Flow Order, and Matching Flow Order sections in Paragraph 3 of the Rules Applicable to Distribution Service ("RADS") on any day, including days in which an SFO, OFO, or OMO restricts GDS under-deliveries, up to five percent (5%) of the customer's then current Maximum Daily Quantity ("MDQ"), and, to the extent made available by the Company on a best efforts basis, additional interruptible access to the Customer Proxy's bank and (3) to add to the bank on any day, including days in which an SFO, OFO, or OMO restricts GDS over-deliveries. Deliveries to the Company on days in which an SFO, OFO or OMO restricts over-deliveries shall not exceed one hundred two and one-half percent (102.5%) of the maximum prescribed SFO, OFO, or OMO Level unless authorized by the Company.

Option 1: BANK TOLERANCE

The cumulative balance of excess deliveries ("positive bank"), at the end of any billing month, shall not exceed the following specified Bank Tolerance Percentages:

1. For any customer with annual consumption equal to or greater than 536,500 thms --- 5% of the customer's then current annual quantities. (C)
2. For any customer with annual consumption less than 536,500 thms --- 10% of the customer's then current annual quantities as specified for the billing months of November through September, and 5% of the customer's then current annual quantity for the October billing month. (C)

(C) Indicates Change

RIDER EBS – ELECTIVE BALANCING SERVICES (Continued)

Option 1: RATES

(C)

The rates for EBS-Option 1 will be calculated on an annual basis by the Company. The Company shall calculate the rates after Customer Proxies have elected their service options and after the Company has secured the assets that are required to provide the service. The Company shall file the rates with the Commission to take effect on April 1 of each year upon one day's notice. The rates for service commencing April 1, 2005 are specified in the Rate Summary Section of this tariff.

The Company may reduce or eliminate the otherwise applicable charge for Rider EBS-Option 1 to any customer if it is reasonably necessary to do so to meet competition from an alternative fuel, including gas from another supplier of gas that has constructed, or could construct, facilities to deliver gas to the customer without use of the Company's facilities. The Company will notify the Customer Proxy of the applicable rate if lower than the applicable rate set forth above, at least four (4) days prior to the beginning of each billing month, unless the rate is the same as charged by the Company in the prior month. Such reduction or elimination of the charge shall be reduced before any reduction is made to the other charges under this tariff.

The rates identified in this section billed and collected pursuant to Option 1 shall not be credited toward recovery of purchased gas costs pursuant to the Purchased Gas Cost Rider.

Option 1: ELECTING SERVICE

(C)

Option 1 is the default service option under Rider EBS. Any customer whose Customer Proxy has not elected to take service under one of the other options shall automatically take service under Option 1. A Customer Proxy for an existing GDS customer may elect to change its service option no more than one time per year. An estimate of the rates shall be posted on the Company's EBB on August 1 of each year. All requests to change the service option must be submitted to the Company in writing (e.g. fax, e-mail, electronic bulletin board) no later than the fifteenth of August prior to the April in which the elected option becomes effective. The EBS-Option 1 final rate will be posted on the Company's EBB on September 1. If the September 1 final rate exceeds the August 1 estimated rate by more than 20%, Customer Proxies who have elected EBS-Option 1 may change their election by submitting a change to the Company in writing (e.g. fax, e-mail, EBB) no later than the fifteenth of September. The elected option shall remain in effect for the one-year period commencing April 1 of the following calendar year. A Customer Proxy for a new GDS customer shall elect its service option at the time it executes its General Distribution Service Application and Agreement; however, if the new GDS customer executes its General Distribution Service Application and Agreement after August 15, the Company is under no obligation to provide service to the customer under Option 1 until April of the next following year if the Company does not have adequate storage and capacity assets to provide the service. If the Company cannot serve the new GDS customer under Option 1 until April of the next following year, the company will serve the customer under Option 2 during the interim.

Columbia's obligation to provide service under Option 1 is conditioned upon its ability to secure the assets necessary to provide the service. If sufficient assets are not available to provide Option 1 service, customers will default to Option 2.

(C) Indicates Change

RIDER EBS – ELECTIVE BALANCING SERVICES (Continued)

Option 1: FULL BALANCING SERVICE (Continued)

Option 1: CHARACTER OF SERVICE

Normal Operations

In any billing month under Normal Operations (defined as operations during times when neither an SFO, OFO nor an OMO is in effect), if the customer's consumption plus retainage on the distribution system is greater than the sum of: (a) the quantity of gas delivered to the Company's City Gate by the Shipper for the Customer Proxy's account during the billing month, plus (b) the Customer Proxy's positive bank at the beginning of the month, such use shall be considered imbalance gas sold by the Company to the Customer Proxy under the provisions of the Consumption in Excess of Deliveries section in the Rules Applicable Only to General Distribution Service section of the RADS . (C)

If in any billing month under Normal Operations, the customer's consumption plus retainage on the distribution system is less than the quantity of gas delivered into the Company's system on its behalf, the Customer Proxy may use such excess delivered gas to meet requirements in any succeeding billing month, subject to the Company's rights to limit service as provided in the RADS. Provided, however, that the cumulative balance of excess deliveries ("positive bank"), at the end of any billing month, shall not exceed the Bank Tolerance Percentage. Any positive bank in excess of this tolerance level shall be considered imbalance gas purchased by the Company from the Customer Proxy under the provisions of the Deliveries in Excess of Consumption section in the Rules Applicable Only to General Distribution Service section of the RADS. (C)

During SFOs/OFOs/OMOs

During periods when there is an SFO, OFO or OMO that restricts GDS under-deliveries, EBS Option 1 Customer Proxies will have firm daily access to banks equal to five percent (5%) of the customer's then current Maximum Daily Quantity ("MDQ"). Additional interruptible access to bank capacity will be available on a best-efforts basis. Should a Shipper on any SFO, OFO, or OMO day under-deliver gas supplies to the Company by a quantity greater than 5% of the customer's MDQ and any interruptible access to the bank permitted through the SFO, OFO or OMO notice, such quantities shall be charged to the Customer Proxy in accordance with the Consumption in Excess of Deliveries, Seasonal Flow Orders, Operational Flow Orders or Operational Matching Orders sections of the Rules Applicable Only to General Distribution Service section of the RADS as is appropriate to the circumstance. If on any day, the Customer Proxy's bank is not adequate to support any part or all of the bank access made available by the Company and the resulting bank availability combined with other confirmed deliveries by the Shipper is less than the daily delivery requirement under the SFO, OFO, or OMO, the Customer Proxy will be charged for any delivery deficiency in accordance with the Seasonal Flow Order section in the Rules Applicable Only to General Distribution Service section of the RADS for an SFO, or the Operational Matching Order, Operational Flow Order and Consumption in Excess of Deliveries section in the Rules Applicable Only to General Distribution Service section of the RADS for an OFO/OMO. At the end of any month in which there has been an SFO, OFO, or OMO that restricts GDS under-deliveries, authorized bank withdrawals used to help meet the daily delivery requirements of an OFO or OMO will be deemed to be the first gas withdrawn from the bank, followed by authorized bank withdrawals used to help meet the daily delivery requirements of an SFO during the month. Any remaining available bank quantities will be applied to days of Normal Operations. Authorized bank withdrawals herein are considered to be the firm access provided under EBS Option 1 plus any interruptible access provided by the Company subject to the Customer Proxy(s) having sufficient quantities in its (their) bank to support the access permitted by the Company. (C)

(C) Indicates Change

RIDER EBS – ELECTIVE BALANCING SERVICES (Continued)

Option 1: FULL BALANCING SERVICE - CHARACTER OF SERVICE (Continued)

During SFOs/OFOs/OMOs - Continued

During periods when there is an SFO, OFO or OMO restriction of GDS over-deliveries, Shippers will be entitled to deliver to the Company up to one hundred two and one-half percent (102.5%) of the Company's maximum prescribed daily SFO, OFO or OMO quantity. However, should daily deliveries exceed one hundred two and one-half percent (102.5%) of the customer's maximum daily prescribed SFO, OFO, or OMO quantity, or if the cumulative excess deliveries exceed the bank tolerances described above, those excess daily deliveries shall be considered imbalance gas purchased by the Company pursuant to the Deliveries in Excess of Consumption or the Seasonal Flow Order paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS and the Customer Proxy shall be charged in accordance with the Seasonal Flow Order, Operational Flow Order or Operational Matching Order paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS.

Option 1: IMBALANCE TRADING SERVICES

A) Bank Balance Transfers

During Normal Operations, subject to the Limitations of Distribution Service in the Rules Applicable to All Distribution Service section of the RADS, Customer Proxies who subscribe to Rider EBS-Option 1 may transfer a bank balance that existed at the beginning of the month to another Customer Proxy that has also subscribed to Rider EBS-Option 1 and that also schedules deliveries to the Company's city-gates within the same Pipeline Scheduling Point. No pre-arranged contract is required. The Customer Proxy must submit all requests for Bank Balance Transfers to the Company in writing (e.g. fax, e-mail, electronic bulletin board) no later than the first business day following the last business day of the calendar month in which the trade is to apply. A fee of \$0.07 per Dth for each Dth transferred between Columbia Pipeline Scheduling Point shall be charged to the Customer Proxy transferring the bank balance. A fee of \$.07/Dth, with a cap of \$500 per trade, for transfers within a Pipeline Scheduling Point shall be charged to the Customer Proxy transferring the bank balance. EBS –Option 1 Customer Proxies who successfully transfer bank balances to eliminate an imbalance will not be subject to the Consumption in Excess of Deliveries or Deliveries in Excess of Consumption paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS. (C)

During any month in which an SFO, OFO, or OMO was in effect, Customer Proxies who subscribe to Rider EBS-Option 1 may transfer a bank balance that existed at the beginning of the month to another Customer Proxy whose customer is located in the same Pipeline Scheduling Point that has also subscribed to Rider EBS-Option 1 and that schedules deliveries to the Company's city-gates on the same transmission company. Provided, however, that bank balance transfers will apply to the SFO, OFO, or OMO period only up to the level of daily access to banked quantities authorized by the OFO, OMO, or SFO. No pre-arranged contract is required. The Customer Proxy must submit all requests for Bank Balance Transfers to the Company in writing (e.g. fax, e-mail, electronic bulletin board) no later than the first business day following the last business day of the calendar month in which the trade is to apply. A fee of \$0.07 per Dth, with a cap of \$500 per trade, for transfers within a Pipeline Scheduling Point shall be charged to the Customer Proxy transferring the bank balance. EBS –Option 1 Customer Proxies who successfully transfer bank balances to eliminate an imbalance will not be subject to the Seasonal Flow Orders, Operational Flow Orders, Operational Matching Orders, Consumption in Excess of Deliveries and Deliveries in Excess of Consumption paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS. (C)

(C) Indicates Change

RIDER EBS – ELECTIVE BALANCING SERVICES (Continued)

Option 1: FULL BALANCING SERVICE - IMBALANCE TRADING SERVICES (Continued)

The imbalance trading services set forth in this Rider do not relieve Shippers of their obligation to deliver gas to Columbia in the Pipeline Scheduling Point in which they or their customers reside.

B) Gas Transfer Service

Availability

During Normal Operations or periods during which an SFO, OFO or OMO is in effect, subject to The Limitations on Distribution Service paragraphs of the RADS, this optional service is available to Customer Proxies who subscribe to Rider EBS-Option 1. This service provides for the transfer of gas quantities from one Customer Proxy (“Transferor”) to another Customer Proxy (“Transferee”).

Character of Service

- a. Each transfer must occur such that gas is transferred from the Transferor to the Transferee on the same Gas Day. Transferor must request the transfer at the end of the current month, as described in subparagraph (e) below.
- b. Transfers may only occur between a Transferor and a Transferee located within the same Local Market Area with confirmed deliveries on the same transmission pipeline.
- c. Quantities eligible for transfer shall not exceed the Transferor’s confirmed deliveries for the day of transfer. A transfer request may not be accepted by the Company if such transfer would cause the Transferor to incur imbalance charges. (C)
- d. Customer Proxies must rely on customer usage posted daily on the Company’s website. The Company shall post customer usage on its Internet-based website as soon as practicable after the end of each Gas Day throughout the billing cycle. All customer usage will be posted on a best efforts basis by 5:00 P.M. Eastern time on the second business day following the end of the previous calendar month.
- e. All gas transfer requests must be accurately completed and executed by both the Transferor and the Transferee and submitted to the Company on the Company’s standard Gas Transfer Request Form by 5:00 P.M. Eastern time on the third business day following the end of the previous calendar month.
- f. The Company is not involved in any arrangement or agreement for compensation for the value of the gas being transferred, or for any other fees between the Transferor and Transferee. The Company’s role in administering this rate schedule is limited to transferring the approved gas quantities from the Transferor’s to the Transferee’s account with the Company.

Rate

The Company will charge the Transferor \$0.07 per unit transferred. The unit will be either Dth or Mcf, depending upon the supply source being transferred. For transactions of less than 300 units, there will be a minimum charge of \$21.00 per transaction.

(C) Indicates Change

RIDER EBS – ELECTIVE BALANCING SERVICES (Continued)

Option 1: FULL BALANCING SERVICE (Continued)

Option 1: TERMINATION OF SERVICE

Customer Proxies may terminate service under Option 1 only by electing another option in accordance with the provisions set forth in this Rider or by terminating GDS service. A Customer Proxy whose Customer is terminating GDS service may be charged a termination fee if the Customer Proxy fails to provide termination notice prior to the fifteenth of September prior to the April in which the service is to be terminated. Such termination fee shall be based upon the cost of the assets secured by the Company to provide service to the Customer. Upon termination of service under Option 1, the Company will make every effort to deliver to the Customer Proxy the Customer Proxy's banked gas during the next month's billing cycle following the date of termination. However, should Customer Proxy fail to take delivery of its entire bank of gas within the next month, Company may, at its option, retain and purchase the undelivered bank of gas at ninety percent (90%) of the index rate determined pursuant to the Deliveries in Excess of Consumption paragraph in the Rules Applicable Only to General Distribution Service section of the RADS. In addition, if the Customer Proxy owes the Company any outstanding charges, the Company may retain as an offset to such outstanding charges, banked gas that would otherwise be delivered to Customer Proxy upon termination of GDS service. The value assigned to such retained bank of gas which are purchased or retained will be ninety percent (90%) of the index rate determined pursuant to the Deliveries in Excess of Consumption paragraph in the Rules Applicable Only to General Distribution Service section of the RADS for the month in which the Customer Proxy failed to take delivery of the gas.

(C) Indicates Change

RIDER EBS – ELECTIVE BALANCING SERVICES (Continued)

Option 2: MONTHLY CASH OUT (INTRA-MONTH BALANCING SERVICE)

Intra-Month Balancing Service provides Shippers with: (1) the opportunity to maintain a bank from day to day within a month on the Company's system; (2) limited or no use of the bank during issuance of an SFO, OFO or OMO pursuant to the SFO, OFO and OMO paragraphs of the RADS; and (3) a monthly cash-out of any bank of gas existing at the end of the month. (C)

Option 2: RATES

Rates for Intra-Month Balancing Service are specified in the Rate Summary Section of this tariff.

Any amounts billed and collected pursuant to Option 2 shall be credited toward recovery of purchased gas costs pursuant to the Purchased Gas Cost Rider. The Company may reduce or eliminate the otherwise applicable charge to any customer if it is reasonably necessary to do so to meet competition from an alternative fuel, including gas from another supplier of gas that has constructed, or could construct, facilities to deliver gas to the customer without use of the Company's facilities. The Company will notify the Customer Proxy of the applicable rate if lower than the applicable rate set forth above, four (4) days prior to the beginning of each billing month, unless the rate is the same as charged by the Company in the prior month. Such reduction or elimination of the charge shall be reduced before any reduction is made to the other charges under this tariff.

Option 2: ELECTING SERVICE

Option 2 must be elected by the Customer Proxy in writing (e.g. fax, e-mail, electronic bulletin board). A Customer Proxy may elect to change its service option no more than one time per year. All requests to change the service option must be submitted to the Company in writing (e.g. fax, e-mail, electronic bulletin board) no later than the fifteenth of August prior to the April in which the elected option becomes effective. The elected option shall remain in effect from April 1 through March 31 of the following calendar year.

Option 2: CHARACTER OF SERVICE

Normal Operations

In any billing month under Normal Operations, if the customer uses more gas than the quantity of gas, after adjustments for retainage, delivered to the Company's City Gate by the Shipper for the Customer Proxy's account during the billing month, such use shall be considered imbalance gas sold by the Company to the Customer Proxy under the provisions of the Consumption in Excess of Deliveries paragraph in the Rules Applicable Only to General Distribution Service section of the RADS. (C)

If in any billing month, under normal operations, the customer consumes less gas than the quantity of gas delivered to the Company's City Gate by the Shipper, such use shall be considered imbalance gas purchased by the Company from the Customer Proxy under the provisions of the Deliveries in Excess of Consumption paragraph in the Rules Applicable Only to General Distribution Service section of the RADS. (C)

(C) Indicates Change

RIDER EBS – ELECTIVE BALANCING SERVICES (Continued)

Option 2: MONTHLY CASH OUT – CHARACTER OF SERVICE (Continued)

During SFO

If the Shipper under-delivers during an SFO that restricts under-deliveries, the Customer Proxy will be charged for under-deliveries in accordance with the Seasonal Flow Order paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS. If the Shipper over-delivers during an SFO that restricts over-deliveries, the over-deliveries shall be considered imbalance gas purchased by the Company from the Customer Proxy pursuant to the Seasonal Flow Order paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS. The Customer Proxy shall have access to any positive intra-month bank only to the extent specified by the Company in an SFO.

During OFO/OMO

If the Shipper under-delivers during an OFO or OMO that restricts under-deliveries, the Customer Proxy will be charged for under-deliveries in accordance with the Consumption in Excess of Deliveries paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS, and either the Operational Flow Orders or Operational Matching Orders paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS. If the Shipper over-delivers during an OFO or OMO that restricts over-deliveries, the over-deliveries shall be considered imbalance gas purchased by the Company from the Customer Proxy pursuant to the Deliveries in Excess of Consumption paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS and the Customer Proxy shall be charged in accordance with either the OFO or OMO paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS. On a best efforts basis, the Company may offer the Customer Proxy daily access to any positive intra-month bank only to the extent specified by the Company in an OFO or OMO. Such best-efforts access shall not be subject to charges under either the OFO or OMO paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS nor shall it alter the Customer Proxy's obligation to be in balance at the end of the month in accordance with the provisions of EBS Option-2.

Option 2: TERMINATION OF SERVICE

Customer Proxies may terminate service under Option 2 only by electing another option as described in this Rider or by the Customer terminating GDS service. Upon termination of service under Option 2, the Company will calculate imbalance gas sold or purchased by the Company from the Customer Proxy as described in the "Normal Operations" paragraph above. However, if the Customer Proxy owes the Company any outstanding charges, the Company may retain as an offset to such outstanding charges, banked gas or over-deliveries that would otherwise be delivered to the Customer Proxy upon termination of service. The value assigned to such retained bank of gas or over-deliveries which are purchased will be ninety percent (90%) of the index rate determined pursuant to the Deliveries in Excess of Consumption paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS.

(C)

(C) Indicates Change

RIDER EBS – ELECTIVE BALANCING SERVICES (Continued)

Option 3: CASH OUT

(C)

The Cash-Out option provides Customer Proxies with a no cost method of avoiding balancing charges by cashing-out on a daily basis. In order to elect the Cash-Out option, the Customer must have installed daily measurement with telemetry consistent with the Company's specifications.

Option 3: RATES

The Cash-Out option is provided at no charge to the Customer Proxy. No banking or balancing fees shall be assessed to the Customer Proxy under Option 3.

Option 3: ELECTING SERVICE

Option 3 must be elected by the Customer Proxy in writing (e.g. fax, e-mail, electronic bulletin board). Customer Proxies may elect to change their service option no more than one time per year. All requests to change the service option must be submitted to the Company in writing (e.g. fax, e-mail, electronic bulletin board) no later than the fifteenth of August prior to the April in which the elected option becomes effective. The elected option shall remain in effect from April 1 through March 31 of the following calendar year.

Option 3: CHARACTER OF SERVICE

Normal Operations

If on any day in a billing month, under Normal Operations, if the customer uses more gas than the volume of gas, after adjustments for retainage, delivered to the Company's City Gate by the Shipper for the Customer Proxy's account during any day, such use shall be considered imbalance gas sold by the Company to the Customer Proxy under the provisions of the Consumption in Excess of Deliveries paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS.

If on any day in any billing month, under normal operations, the customer consumes less gas than the volume of gas delivered to the Company's City Gate by the Shipper, such use shall be considered imbalance gas purchased by the Company from the Customer Proxy under the provisions of the Deliveries in Excess of Consumption paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS.

During SFO

If the Shipper under-delivers during an SFO that restricts under-deliveries, the Customer Proxy will be charged for under-deliveries in accordance with the Seasonal Flow Order paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS. If the Shipper over-delivers during an SFO that restricts over-deliveries, the over-deliveries shall be considered imbalance gas purchased by the Company pursuant to the Seasonal Flow Order paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS.

(C) Indicates Change

RIDER EBS – ELECTIVE BALANCING SERVICES (Continued)

Option 3: CASH OUT – CHARACTER OF SERVICE (Continued)

During OMO

If the Shipper under-delivers during an OMO that restricts under-deliveries, the Customer Proxy will be charged for under-deliveries in accordance with the Operational Matching Orders and Consumption in Excess of Deliveries paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS. If the Shipper over-delivers during an OMO that restricts over-deliveries, the over-deliveries shall be considered imbalance gas purchased by the Company from the Customer Proxy pursuant to the Deliveries in Excess of Consumption paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS and the Customer Proxy shall be charged in accordance with the Operational Matching Order paragraph in the Rules Applicable Only to General Distribution Service section of the RADS.

Option 3: TERMINATION OF SERVICE

Customer Proxies may terminate service under Option 3 by selecting another option as described in this Rider or by terminating GDS service. Upon termination of service under Option 3, the Company will calculate imbalance gas sold or the price of gas to be purchased by the Company from the Customer Proxy as described above. However, if Customer Proxy owes Company any outstanding charges, Company may retain as an offset to such outstanding charges any over-deliveries. The value assigned to such over-deliveries which are purchased will be ninety percent (90%) of the index rate determined pursuant to the Deliveries in Excess of Consumption paragraphs in the Rules Applicable Only to General Distribution Service section of the RADS.