



**DELAWARE DIVISION**

**RULES AND REGULATIONS**

**GOVERNING THE DISTRIBUTION**

**AND SALE OF GAS**

**OF**

**CHESAPEAKE UTILITIES CORPORATION**

**IN**

**NEW CASTLE, KENT & SUSSEX COUNTIES, DELAWARE**

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**CHESAPEAKE UTILITIES CORPORATION  
DELAWARE DIVISION**

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## **RULES AND REGULATIONS**

### **SECTION I - GENERAL**

#### **1.1 FILING AND POSTING**

A copy of this Tariff, which is the rates, rules and regulations under which gas service will be supplied by Chesapeake Utilities Corporation to its Customers, is on file with the Public Service Commission of Delaware, and is posted and open for inspection at the offices of the Company. The Tariff is supplementary to any Regulations of that Commission.

#### **1.2 REVISIONS**

This Tariff may be revised, amended, supplemented and otherwise changed from time to time in accordance with the Public Service Commission Law of Delaware, and such changes, when effective, shall have the same force and effect as the present Tariff.

#### **1.3 APPLICATION OF TARIFF**

The Tariff provisions apply to any party or parties receiving gas service from the Company, or to its successors and assigns, under the rates set forth therein, and the receipt of gas shall constitute the receiver a Customer of the Company as the term is used herein.

#### **1.4 RULES AND REGULATIONS**

The Rules and Regulations, filed as a part of this Tariff, are a part of every contract or agreement for service, whether written, oral or implied, made by the Company and govern all classes of service where applicable. Subject to the approval of the Commission, the Company shall have the right to interpret and determine the applicability of such rules and regulations.

#### **1.5 STATEMENT OF AGENTS**

No agent or employee of the Company has authority to make any promise, agreement or representation inconsistent with the provisions of this Tariff.

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## **RULES AND REGULATIONS**

### **SECTION II - CURTAILMENT**

#### **2.1 GENERAL**

In the event that the Company determines that there is insufficient gas supply to meet the demands of the Customers on its distribution system, the Company may, at its sole discretion, curtail service to Customers. Curtailments will be made to maintain supply to its firm sales customers in the priorities set forth below. When curtailment is necessary, sufficient gas will be available to maintain a temperature which will keep the building pipes from freezing and other plant protection use, if possible. Prior to, or in conjunction with curtailment the Company may call for voluntary usage reductions on the part of all Customers.

#### **2.2 DEFINITIONS**

*Essential Human Needs:* Includes residences, apartments, hotels, motels, dormitories, hospitals, nursing homes, police and other institutions essential to the public welfare.

*Plant protection use:* Minimum volumes of natural gas required to prevent physical harm to the plant facilities' processes or danger to plant personnel when such protection cannot be afforded through the use of an alternative 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.

#### **2.3 CURTAILMENT PRIORITIES**

Curtailment to the extent necessary as determined by the Company, up to and including complete curtailment shall be done in accordance with the following list of priorities, starting with the lowest priority, priority 6.

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**RULES AND REGULATIONS  
SECTION II  
(Continued)**

**2.3 CURTAILMENT PRIORITIES (continued)**

Priority 1: Essential humans needs Customers.

Priority 2: All other customers other than Priority 1 Customers will be curtailed to the extent necessary as determined by the Company.

Priority 3: Firm commercial and industrial Customers using above 4,000 Ccf per year.

Priority 4: Firm commercial and industrial Customers using above 15,000 Ccf per year.

Priority 5: Firm commercial and industrial Customers using above 100,000 Ccf per year.

Priority 6: All interruptible transportation and IBE Customers.

**2.4 CURTAILMENT OF CUSTOMER-OWNED GAS**

If adequate supply to priority essential human needs Customers is threatened in the Company's judgment, Customer-owned transportation gas may be curtailed in addition to system supply and in the same order of priorities. In the event that Customer-owned gas is diverted for use by higher priority Customers, the Company will reimburse the Customer by paying the cost of the Customers alternative fuel or, if the Customer has no alternative fuel, reimbursement will be at a rate equal to the higher of the Company's weighted average cost of gas (the total cost of natural gas delivered to the Company for system supply divided by the volume delivered) or the Customer's total acquisition cost of gas (including pipeline transportation charges). In the event of a supply shortage which causes the Company to purchase the Customer's gas, the Customer shall make available a copy of its contract for natural gas supply upon request; or in lieu thereof, the Customer shall supply a sworn affidavit specifying Customer's total acquisition cost of gas. In lieu of this provision, the Company may enter into contractual or informal arrangements with transportation Customers or any other parties to obtain supplies to avoid curtailments.

**2.5 LIABILITY**

The Company shall not be liable for any damages, loss of product, or other business losses suffered by Customers as a result of curtailed gas service, other than the compensation provided in Section 2.4 above. The Company shall not be liable for curtailment as a result of any action by any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the rendition of service, and regardless of any defect in such law, regulation, or order.

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**RULES AND REGULATIONS**

**SECTION II  
(Continued)**

**2.6 ADDITIONAL LOADS**

In the event that additional gas supply becomes limited for any reason, the Company reserves the right to defer supplying gas for new loads in such manner as to cause the least hardship to present or prospective Customers, taking into consideration the volume of natural gas available and the capacities of local mains and facilities. In each of the listed classes, present Customers will be allowed to increase loads before new Customers will be allowed to begin service.

During any period when gas supply is expected to be limited the Company will maintain a Register of New Loads applied for, but not already being served by the Company, in order to assist the Company in forecasting peak demands for its service, and to afford a basis of priority in supplying additional loads to existing as well as to new or prospective Customers.

During any period of restricted gas supply the Company will not supply gas for any equipment unless application for such load was registered with the Company prior to the connection of such equipment, and approval thereof was given by the Company.

The priority in which additional loads will be accepted is:

|     | <u>DESCRIPTION</u>  | <u>TYPE</u>                             |
|-----|---|---|
| (1) | Non-space heating load<br>Peak day less than 1,000 cu. ft.  | Residential                             |
| (2) | Non-space heating load<br>Peak day less than 1,000 cu. ft   | Commercial<br>Industrial                |
| (3) | Space heating load<br>Peak day less than 2,000 cu. ft.  | Residential<br>Commercial<br>Industrial |
| (4) | Dwelling Units - Home or Apartments<br>Individually Billed<br>Not to exceed 25 units at one location. | Residential                             |

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**RULES AND REGULATIONS**

**SECTION II  
(Continued)**

**2.6 ADDITIONAL LOADS (continued)**

|      | <u>DESCRIPTION</u>  | <u>TYPE</u>              |
|------|---|--------------------------|
| (5)  | Dwelling Units - Home or Apartments<br>Master Metered<br>Not to exceed 25 units at one location | Commercial               |
| (6)  | Non-space heating load<br>Peak day not to exceed 10,000 cu ft                                   | Commercial<br>Industrial |
| (7)  | Space Heating Load<br>Peak day less than 10,000 cu. ft.   | Commercial<br>Industrial |
| (8)  | Same as (4) above except in increments<br>of 26 to 100 units at one location.                   |                          |
| (9)  | Same as (5) above except in increments<br>of 26 to 100 units at one location.                   |                          |
| (10) | Same as (4) above except in increments<br>of over 100 units at one location.                    |                          |
| (11) | Same as (5) above except in increments<br>of over 100 units at one location.                    |                          |
| (12) | All other commercial and industrial loads.  |                          |

The Company reserves the right to establish priority of loads in accordance with volume within each category above.

The Company reserves the right to allocate gas to various priority categories listed above based on estimated gas sales and gas supply and to make adjustments as actual figures vary from the estimate.

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**RULES AND REGULATIONS**

**SECTION II  
(Continued)**

**2.6 ADDITIONAL LOADS (continued)**

When anticipated gas supplies are not sufficient to service all new loads applied for in one of the above categories, priority will be given in the order in which application was registered with the Company, provided the new load is connected within a reasonable time after notice from the Company that it may be served.

When the evidence available to the Company reasonably indicates that a Customer has connected additional load without registering same or in violation of the Company's notice that it may not be connected, the Company will discontinue all service to such Customer, upon ten (10) days' written notice, until such additional load has been disconnected.

## **RULES AND REGULATIONS**

### **SECTION III - APPLICATION FOR SERVICE**

#### **3.1 APPLICATION**

Application for gas service may be made through the local office of the Company or authorized agent, by:

- (a) Verbal or telephonic request to a business office of the Company, or
- (b) Electronic request to the Company's web site ([www.chpkgas.com](http://www.chpkgas.com)), or
- (c) if required by the Company, by submission to the Company a completed Gas Delivery Service Application (certain Applicants may be required to execute a Transportation Service Agreement).

The Company reserves the right to require the Applicant before any gas is delivered, to execute an application at the local office with proper identification. The application does not constitute a commitment by the Company to serve the Applicant.

#### **3.2 RIGHT TO REJECT**

The Company may place limitations on the amount or character of service it will supply, or may reject applications for any of the following reasons:

- (a) Until the Customer has complied with the state and municipal regulations governing gas service.
- (b) If the Company does not have adequate facilities to render the service desired.
- (c) If such service is of a character that it is likely to unfavorably affect service to other Customers.
- (d) If, in the judgment of the Company, the Applicant's installation of piping or gas equipment is hazardous, or of such a character that satisfactory and safe service cannot be rendered.
- (e) If an extension of street main, except as set forth under Section 6 - Extensions, is required to furnish such service.

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**RULES AND REGULATIONS**

**SECTION III  
(Continued)**

**3.2 RIGHT TO REJECT (Continued)**

- (f) When it is necessary to conserve the supply of gas (See Section 2.3 Curtailment Priorities and 2.6 Additional Loads.)
- (g) Customer's failure to provide a deposit to insure payment of bills, where requested by the Company under the provisions of Section 13.2.
- (h) Customer's failure to make such payment as may be required under Section 6 as a condition of extension of supply facilities.
- (i) Customer's failure to pay the Connection Charge, Reconnection Charge or Seasonal Customer Charge.
- (i) Service at new location will be rendered only when all bills for gas service to the Customer at any other locations have been paid.
- (j) Non-compliance with provisions of this Tariff.

**3.3 ACCEPTANCE**

Acceptance of gas service by the Customer shall constitute an agreement to accept service under these Rules, Regulations and Rates as amended from time to time, the Orders or Rules of the Public Service Commission of Delaware, the Laws of the State of Delaware and the Laws of the United States of America.

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## **RULES AND REGULATIONS**

### **SECTION III (Continued)**

#### **3.4 CUSTOMER TO SPECIFY TIME WHEN SERVICE IS CONNECTED**

A Customer shall give two (2) business days' notice to the Company for gas service to be connected during normal business hours, under normal operating conditions. Business days shall mean Monday through Friday excluding Federal Banking Holidays. As a safety precaution, the Customer, or an authorized representative of the Customer of at least eighteen (18) years of age, shall be present at the premises for gas service to be connected. If, due to unforeseen or emergency circumstances, the Company is not able to meet the two (2) business day connection schedule, the Customer shall be informed, and a new arrangement made. The Connection Charge provided on Sheet No. 46 (Miscellaneous Customer Charges) shall apply to all gas service connections. If necessary for the Customer's convenience that the connection be made after normal working hours, the After Hours Connection Charge provided on Sheet No. 46 (Miscellaneous Customer Charges) shall apply.

#### **3.5 POINT OF DELIVERY**

- (a) The point of delivery of gas to a Customer shall be at the outlet side of the meter connection, Title to Company owned gas shall pass to the Customer at this point. The use of Service on two or more separate meters will not be combined for billing purposes.
- (b) (Exception) Combined billings for registrations of multiple meters installed on a customer's premises is permitted only where such multiple meters are installed for the convenience of the Company.

#### **3.6 CHARACTER OF GAS**

The gas to be served will be natural gas with a specific gravity of approximately .60, a minimum value per cubic foot of one thousand (1,000) BTU, and that is in conformance with the quality specifications of transporters delivering such gas to the Company's Receipt Points, or such other gas as may be approved by the Public Service Commission of Delaware. The Company shall have the right to supply stand-by or peak shaving gas of similar characteristics when necessary.

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## **RULES AND REGULATIONS**

### **SECTION IV – CUSTOMER’S INSTALLATIONS**

#### **4.1 INFORMATION FROM CUSTOMER**

Anyone desiring to equip their premises for the use of gas shall communicate with the Company personally, or through their contractor or other authorized agent, giving the exact location of the premises and details of all gas consuming equipment to be installed.

#### **4.2 POINT OF CONNECTION**

The Company will designate the point where the applicant would, if served, be required to terminate their piping for connection to the lines of the Company. The furnishing of such information does not constitute an agreement, or obligation, on the part of the Company to render service.

#### **4.3 METER SPACE**

The applicant shall provide, free of expense to the Company, a space satisfactory to the Company for meters, regulators or other equipment of the Company which is necessary for the rendering of adequate and safe service. The Company reserves the right to establish the standard as to the location of such space in accordance with pressure conditions, volumes, and other pertinent factors.

#### **4.4 METER LOCATION**

The Company shall have the right to determine the location of its meters, which must be placed where they will be easily accessible, and the Customer or owner of the building shall provide at all times, free of expense to the Company, proper space for the Company’s meters. Likewise, the Customer shall not permit materials of any character to be piled up or heaped around the meter location. The Customer shall reimburse the Company for the loss of, or any damage to, its meters and meter connections, or other property of the Company while located on the Customer’s premises, arising out of or caused by the Customer’s negligence, carelessness; or that of the Customer’s agents, employees, members of the Customer’s household, or any person upon the Customer’s premises under or by authority of the Customer’s consent or sufferance.

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**RULES AND REGULATIONS**

**SECTION IV  
(Continued)**

**4.5 METER CONNECTIONS**

The Company will own, furnish, and maintain the meter, regulator, meter connection, electronics, remote reading device, if any, and all other appurtenant equipment required to measure the gas supplied to the Customer, and will supply gas only through a meter furnished and owned by the Company. The Company must be notified when the Customer desires to have the meter installed, changed or removed.

**4.6 TEMPORARY SERVICE**

The Customer shall pay the cost for all material, labor and all other necessary expense incurred by the Company in supplying gas service to the Customer for any temporary purpose or use, and shall pay the cost of removing material after service is discontinued, in addition to the regular payments for gas used. The Company will credit the Customer with the reasonable salvage value of any material recovered.

**4.7 SERVICE LINES**

The Company will own and maintain at its expense, the service line to the point of connection designated by the Company. (See Section 6.1 Service Connections).

**4.8 HOUSE PIPING**

Prior to the installation of house piping by the Customer in new or altered premises, inquiry should be made of the Company to determine the requirements, sizes of pipe, quality and other specifications.

Customer's installation shall be installed at the Customer's expense and shall be maintained by the Customer in compliance with applicable codes.

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## **RULES AND REGULATIONS**

### **SECTION IV (Continued)**

#### **4.9 INTERFERENCE WITH COMPANY FACILITIES**

The Customer shall not open, tamper or interfere with, in any manner, the service line, regulators, or safety appliances installed in connection with service provided to the Customer. The Company's main, service line, service cock, curb box and meter shall not be tampered or interfered with at any time. In the event of the Company's meters or other property being tampered or interfered with, the Customer being supplied through such equipment shall pay the amount which may be reasonably estimated to be due for service used but not registered on the Company's meter, and for any repairs, replacements or changes in facilities required, as well as for costs of inspections, investigations and protective installations.

#### **4.10 RESPONSIBILITY OF CUSTOMER**

This Company's ownership and responsibility terminates at the meter outlet. The Customer is warned of the risk of damage to property and the possibility of fire or personal injury resulting from improper house piping and manner of attachment or use and maintenance of gas appliances, fixtures, and apparatus, and is advised to permit no one except experienced and capable pipe fitters to install or to make any changes, alterations, additions or repairs to any part of the Customer's installation. The Company will not be liable for any injury or damage or loss of gas caused by reason of defects in any portion whereof.

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## **RULES AND REGULATIONS**

### **SECTION V - TESTING AND INSPECTION OF CUSTOMER'S PIPING**

#### **5.1 REQUIREMENT**

Prior to providing gas service, the Customer's facilities and appliances must be in accordance with the national and local code requirements.

#### **5.2 COMPANY'S RIGHT TO INSPECT**

The Company shall have the right, but shall not be obliged, to inspect any installation before gas is introduced or at any later time, and reserves the right to reject any piping or appliances not in accordance with the Company's standard requirements, or with any national and local code requirements; but such inspection, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage, resulting from defects in the Customer's installation, piping or appliances, or from violation of the Company rules, or from accidents which may occur upon the premises of the Customer.

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## **RULES AND REGULATIONS**

### **SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS**

#### **6.1 SERVICE INSTALLATIONS**

The Company will install the service line from its existing distribution main to the Customer's meter location at its expense. However, if the service line exceeds seventy-five (75) feet in length, the Company's initial investment in the entire service installation shall be limited to six (6) times the related estimated annual base tariff revenue excluding all fuel costs ("net revenue") from the Customer. The amount of the investment that exceeds the six (6) times net revenue test for the service installation shall be paid by the Customer in accordance with the terms of Section 6.3.

Service Installations, as used in this section for purposes of the six (6) times net revenue test, refers to the costs associated with the service line piping, meter installation and associated materials from the tap on the Company's gas distribution main system up to and including the Customer's meter.

#### **6.2 MAIN EXTENSIONS**

Main extensions to the Company's gas system shall be provided, owned and maintained under the terms and conditions stated herein. Main extensions, as used in this section for purposes of the economic evaluation criteria, refers to the cost of gas distribution mains and associated materials that must be constructed along public streets, roads and highways, or on private property from the Company's existing gas distribution main system to the initiation of the service line. Main extensions are limited to the extent of new investment warranted by the anticipated revenues as stated in this Section VI.

#### New Residential Development

The economic evaluation criteria for installing natural gas service to the new residential development will be based on an Internal Rate of Return Model ("IRRM") with certain predetermined conditions and guidelines. The applicable procedures and guidelines in the implementation of the IRRM are on file with and have been approved by the Public Service Commission of Delaware. The procedure used to determine whether a financial guarantee will be required from a Customer(s) is part of the IRRM methodology on file with the Commission.

**RULES AND REGULATIONS**

**SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS  
(Continued)**

**6.2 MAIN EXTENSIONS (Continued)**

When evaluating potential multi-family housing projects, if the IRRM demonstrates that the anticipated revenues warrant an investment greater than the cost of the main extension and service connection, then the Company may, at its sole discretion, provide a contribution to the Customer to offset costs incurred for the installation of gas piping and venting in the building. The contribution provided by the Company may not exceed 50% of the net present value of savings from a project and, in any event, may not exceed the actual cost for installation of gas pipe and venting in the premise. The net present value of savings from a project is the maximum amount of investment that could be added to the cost of the project without rendering the project uneconomic under the Company's approved economic test for the expansion project. The Company has an aggregate cap on all such contributions of \$250,000 per calendar year. A project will be determined to be a multi-family project if there are at least four (4) individually metered dwelling units in one premise. When providing a contribution to offset costs related to the installation of gas piping and venting, the Customer bears all responsibility for proper installation and maintenance of all pipe beyond the Company's meter.

Existing Residential Developments

The economic evaluation criteria for installing natural gas service to an existing residential development will be based on an Internal Rate of Return Model ("IRRM") with certain predetermined conditions and guidelines. The applicable procedures and guidelines in the implementation of the IRRM are on file with and have been approved by the Public Service Commission of Delaware. The procedure used to determine whether a financial guarantee will be required from a Customer(s) is part of the IRRM methodology on file with the Commission.

## RULES AND REGULATIONS

### SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS (Continued)

#### Commercial and Industrial Main Extensions

The economic evaluation criteria for installing natural gas service to commercial and industrial Customers, including transportation and non-firm Customers, will be the six (6) times net revenue test based on the commercial and industrial Customers' estimated level of annual non-fuel revenue. The estimated annual non-fuel revenue is defined as the estimated annual base Tariff revenue or delivery service revenue excluding all fuel related costs for the respective Customer. If the estimated investment in the facilities necessary to provide gas service exceeds six (6) times the related annual non-fuel revenue from the respective Customer(s), the Customer(s) shall provide a financial guarantee in accordance with the terms of Section 6.3.

#### **6.3 FINANCIAL GUARANTEES**

Financial guarantees may be made by a Contribution in Aid of Construction ("CIAC"), a Customer Advance, a Letter of Credit, or other financial guarantee at the Company's discretion.

Should the Customer provide a Customer Advance, the Company will provide, in a written agreement with the Customer, for refunds (without interest) of all, or part, of the monies advanced by the Customer in connection with the extension and the applicable economic evaluation criteria. Refunds to the Customer shall extend over a term of years, not to exceed six (6) years, upon such basis or conditions as may be mutually agreeable to the Company and the Customer, and specified in the written agreement. In no case shall the total refund be greater than the Customer's deposit. Any portion of the deposit remaining after the expiration of the term as specified in the written agreement shall be retained by the Company and credited as a Contribution In Aid of Construction.

Should the Customer provide a Letter of Credit or other financial guarantee, the estimated revenue attributable to the extension shall be examined prior to the expiration of the Letter of Credit or other financial guarantee. The Company may either draw on the Letter of Credit or other financial guarantee or require that it be renewed, where a continued financial guarantee is still required.

## **RULES AND REGULATIONS**

### **SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS (Continued)**

#### **6.4 RIGHT TO DETERMINATION**

In each and every situation where the Company and the prospective Customer cannot agree as to the necessity for a financial guarantee to be borne by the prospective Customer, the prospective Customer will be advised by the Company of the right to have the matter determined by the Public Service Commission of Delaware under 26 Del Code, Section 203.

#### **6.5 OWNERSHIP AND MAINTENANCE**

The Company shall own, maintain and renew all its equipment, between the main and the outlet side of the meter connection.

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## **RULES AND REGULATIONS**

### **SECTION VII - RIGHTS-OF-WAY/OR EASEMENTS**

#### **7.1 RIGHTS-OF-WAY AND/OR EASEMENTS**

The Applicant(s) requesting service shall furnish, without expense to the Company, and to the Company's satisfaction, rights-of-way and/or easements necessary for the supply of service or shall agree to reimburse the Company for expense incurred in the procurement of the necessary rights-of-way and/or easements. The Company shall first exercise reasonable efforts to procure any necessary rights-of-way and/or easements from the land owner for nominal consideration or without charge to the Company and the Applicant(s) requesting service.

#### **7.2 TERM AND RENTALS**

When, to serve a Customer, it is necessary to extend the Company's facilities over the property of another, the Customer shall accept service for such term as is provided in the permit or agreement covering the location and maintenance of such facilities on the land or property of others. The Customer may be required to reimburse the Company for any and all special, or rental, charges that may be made for such rights by said permit or agreement.

#### **7.3 GRADING**

Rights-of-way, easements and service routes must be cleared and graded to within six (6) inches of final grade by the Applicant including certification by the Applicant that such grade has been achieved before the Company will commence construction. Such clearing and grading must be maintained by the Applicant during construction by the Company.

#### **7.4 CHANGE IN GRADE**

If subsequent to any agreement to construct by the Company, the clearance or grade is changed in such a manner as to require relocation of pipelines or other facilities, the cost of such relocation shall be borne by the Applicant, or the Applicant's executor, administrator, heir or successor.

#### **7.5 DELAYS**

Application for service from an extension to be constructed where a right-of-way and/or easement is not owned by the Company, will only be accepted subject to delays incident to obtaining a satisfactory right-of-way and/or easement.

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## **RULES AND REGULATIONS**

### **SECTION VIII - COMPANY EQUIPMENT ON CUSTOMER'S PREMISES**

#### **8.1 MAINTENANCE**

The Company shall keep in repair and maintain its own property installed on the premises of the Customer.

#### **8.2 RESPONSIBILITY OF CUSTOMER**

The Customer shall not cause damage to the equipment of the Company on the Customer's premises, and shall not permit any person, except a Company employee having proper Company identification, to break any seals upon, or do any work on any meter, service pipe or other equipment of the Company located on the Customer's premises.

#### **8.3 TAMPERING**

In the event of the Company's meters or other property being tampered or interfered with, the Customer being supplied through such equipment shall pay the amount which may be reasonably estimated to be due for service used but not registered on the Company's meter, and for any repairs, replacements or changes in facilities required, as well as for costs of inspections, investigations and protective installations.

#### **8.4 ACCESS TO PREMISES**

The Company, or its authorized agents, shall have access at all reasonable times to the property or premises in or on which gas is used to determine if the gas is being carried, distributed and burned in a proper and safe manner and in accordance with these Rules and Regulations, or to read, inspect and test the meter or house lines and other appliances, equipment or facilities. Refusal on the part of the Customer to allow access to the Customer's premises shall constitute sufficient cause for turning off the gas supply to such premises. (See Section 14.1).

#### **8.5 RELOCATION OR ALTERATION OF COMPANY-OWNED FACILITIES**

Any relocation or alteration of Company-owned facilities to furnish gas service to Customers for the convenience and benefit of the Company shall be paid for by the Company; however, any such changes occasioned or necessitated by any action of the Customer, or owner of the property if the Customer is a lessee, may be made only after prior approval of the Company, and shall be at the expense of the Customer or owner.

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**RULES AND REGULATIONS**

**SECTION IX - SERVICE CONTINUITY**

**9.1 REGULARITY OF SUPPLY**

The Company will use reasonable diligence to provide a continuous, regular and uninterrupted supply of gas service; but does not and cannot guarantee a constant supply and should the supply be interrupted by the Company for the reasons set forth in Section II, entitled "Curtailement" or for the purpose of making repairs, changes, or improvements, in any part of its system for the general good of the service or the safety of the public, or should the supply of service be interrupted, or fail, by reason of accident, strike, legal process, State or Municipal interference, lack of sufficient gas supply, mechanical failure, or any cause whatsoever, beyond its control, the Company shall not be liable for damages, direct or consequential, resulting from such interruption or failure.

**9.2 NOTICE OF TROUBLE**

The Customer shall notify the Company, immediately, should the service be unsatisfactory for any reason, or should there be any defects, leaks, trouble, or accident, affecting or resulting from the supply of gas.

**9.3 PREARRANGED INTERRUPTION OF SERVICE**

Whenever it is necessary to interrupt service for work on mains or other equipment, such work shall be done, as far as practicable, at a time that will cause the least inconvenience to the Customer. The Customer(s) to be affected by such interruption shall, if practicable, be notified in advance.

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## **RULES AND REGULATIONS**

### **SECTION X - CUSTOMER'S USE OF SERVICE**

#### **10.1 PRECAUTIONS TO BE TAKEN BY CUSTOMER**

The responsibility of detection of defects and leaks on the Customer's premises is upon the Customer; defects among other things, shall mean failure or deficiency of gas, irregular supply, leakage and excessive pressure. In case of detection of a leak within the Customer's premises, the Customer should

- Leave the home or building immediately and go upwind of the suspected leak.
- Immediately call the Company's local emergency telephone number or 911 from a cellular phone outside the home or building, or from a neighboring location, to report the suspected gas leak.
- Not use their home telephone, turn on or off any electrical switches, light a match or do anything that might create a spark or flame.
- Not re-enter the building where the suspected leak is until emergency officials give the okay.

. When gas has been shut off because of a leak in the house lines or fixtures or other hazardous conditions of service, it shall not be turned on again until such leak or other hazardous conditions have been repaired and made safe either by a competent plumber or gas fitter. In the event of failure or deficiency of gas or excessive pressure, the Customer shall notify the Company and be governed by instructions or assistance received from the Company.

#### **10.2 PRUDENT USES OF GAS**

A Customer should always make prudent use of gas.

Upon notice by the Customer, the Company will investigate reports of suspected gas leakage and improper functioning of gas appliances.

In the event that gas passes through the meter as a result of the Customer's negligence or malfunctioning of the Customer's piping or appliances, no credit will be issued, unless such use is a result of fault or neglect of agents of the Company.

#### **10.3 SALES OF GAS BY CUSTOMER**

The Customer shall not directly or indirectly sell, sublet, assign or otherwise dispose of the gas or any part thereof, unless otherwise specified in the Tariff. Purchase of gas for use by tenants located on the Customer's property, when the cost to the tenant of such gas is included in the normal rental charge for occupancy of the premises, shall not be considered as resale.

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**RULES AND REGULATIONS**

**SECTION X  
(Continued)**

**10.4 SERVICE TO CUSTOMER'S APPLIANCES**

The Company shall investigate complaints of gas leaks or odors at any time without charge. The Company shall have the right, but shall not be obliged, to inspect any installation before gas is introduced or at any later time, and reserves the right to reject any piping or appliances not in accordance with the Company's standard requirements, or with any national and local code requirements; but such inspection, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage, resulting from defects in the Customer's installation, piping or appliances, or from violation of the Company rules, or from accidents which may occur upon the premises of the Customer.

**10.5 FLUCTUATIONS**

Gas service must not be used in such a manner as to cause unusual fluctuations or disturbances in the Company's supply system, and in the case of a violation of this rule, the Company may discontinue service, or require the Customer to modify their installation and/or equip it with approved controlling devices.

**10.6 LIABILITY FOR DAMAGES**

The Company shall not be liable for any injury to persons or damage to property arising or occurring in any manner whatsoever from the misuse of gas.

## **RULES AND REGULATIONS**

### **SECTION XI - MEASUREMENT**

#### **11.1 DEFINITION OF A CUBIC FOOT**

a. Low Pressure Sales - Standard delivery to the Customer is at low pressure, and for those meters not having temperature correcting devices which correct to a temperature of sixty (60) degrees Fahrenheit, a cubic foot of gas shall be that amount of gas which occupies a volume of one cubic foot at the time metered and under the conditions existing at the Customer's meter.

b. Other Than Low Pressure Sales As Under (a) Above - When at the discretion of the Company, gas is supplied at higher than standard delivery pressure, measurement may be by a meter equipped with a base pressure corrector and the metering is continuously, automatically, and uniformly corrected from the absolute delivery pressure (14.73 atmospheric pressure) in pounds per square inch, to a pressure base of 14.95 lbs. per square inch, at the temperature existing at the meter. Meters may be equipped with a base pressure and temperature corrector and the metering is continuously, automatically and uniformly corrected from the absolute delivery pressure of 14.73 absolute pressure in pounds per square inch to a pressure base of 14.95 lbs. per square inch, and to a temperature of sixty (60) degrees Fahrenheit.

#### **11.2 MEASUREMENT OF GAS**

Except as herein otherwise provided, the measurement of gas service shall be by meters furnished and installed by the Company. The Company will furnish each Customer with a meter of such size and type as the Company may determine will adequately serve the Customer's service requirements, and may from time to time, change or alter the equipment to provide for accurate measurement.

Each meter shall be calibrated to serve gas within the tolerance as specified by the Public Service Commission of Delaware. Registration shall be in cubic feet or multiples thereof depending on service classification.

If any correction factor is applied to any meter, this factor shall be marked on such meter.

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## **RULES AND REGULATIONS**

### **SECTION XI MEASUREMENT (Continued)**

#### **11.2 MEASUREMENT OF GAS (Continued)**

The Company shall install, at the Company's expense, a remote reading device on all Customer's served under the LVH, HLFS or Interruptible Transportation Service Rate Schedules with annual consumption of at least one hundred thousand (100,000) Ccf annually. All remote reading devices shall be owned, installed and maintained by the Company. When requested by a Customer below the annual consumption level above, and approved by the Company, a remote reading device may be installed at a cost payable by the Customer. In all cases the Customer shall, at the Customer's expense, provide and maintain electrical power and telephone service to the remote reading device location.

A periodic verification reading shall be taken on the meter and the remote reading device. The Company shall notify the Customer when the periodic verification is required. The Company shall determine the frequency of such verification based on the technical characteristics of the installed equipment and its in-service performance.

In cases of a measurement dispute related to the remote reading device, the Company's meter may be used as the final determinant in measuring consumption.

#### **11.3 METERS NOT AVAILABLE**

In cases where meters are not available due to circumstances beyond the control of the Company, and the necessity for rendering gas service to the Customer is urgent, the Company may, after proper authorization by the Commission and by written agreement with the Customer, commence service and render bills temporarily on the basis of estimated gas consumption.

#### **11.4 METER READING INTERVALS**

The Company will endeavor to make its regular meter reading and/or estimated meter reading as nearly as reasonably possible at scheduled monthly intervals.

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**RULES AND REGULATIONS**

**SECTION XI MEASUREMENT  
(Continued)**

**11.5 ESTIMATED USAGE**

The Company may render estimated bills when (1) no meter is installed, as provided above, or (2) when a meter is installed but the scheduled meter reading cannot be obtained due to the inability of the Company's agent or representative to gain access to the meter location at the time scheduled, or (3) in case any meter or measuring device for any reason fails to register for any period of time the full consumption by a Customer, (See Section XII Meter Tests), or (4) the Company is unable to obtain a meter reading for causes beyond its control.

Estimated readings shall be based upon prior consumption at the particular location for a similar period of time and may be adjusted for current conditions. The Customer shall be obligated to pay the bill based on the estimated consumption as though the same was based on an actual meter reading, and failure to so pay shall subject the Customer and the Customer's service to the penalties herein provided. Bills based on estimated readings shall be subject to adjustment for any unusual circumstances found to have affected the quantity of gas used, or for obvious errors in estimates, which adjustments shall be made not later than the next subsequent bill rendered the Customer, or that period of time when an actual reading can be obtained.

The Company will cooperate with the Customer to schedule meter readings; however, in those instances where the Company's agent or representative is unable to gain access to the Customer's premises, during the regular scheduled working hours, to obtain a meter reading, the number of estimated readings shall be limited to three (3) consecutive months, and the Customer's service thereafter, is subject to discontinuance.

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## **RULES AND REGULATIONS**

### **SECTION XII - METER TESTS**

#### **12.1 METER TESTS**

All meters shall be tested periodically by the Company in compliance with the Rules of the Commission and at the Company's expense.

#### **12.2 ACCURACY OF GAS METERS**

When any test of a meter by the Company or by the Commission shows such meter to have an average error of more than two percent (2%), and no meter tampering has occurred, the following provisions for the adjustment of bills shall be observed:

##### **Fast Meters**

Unless the date of the beginning of inaccuracy shall be known, it shall be assumed that the over-registration existed for a period of three (3) years or a period equal to one-half (1/2) of the time since the meter was last tested, whichever is less.

If the meter is found to be over-registering, the Company shall make a refund to the last Customer of record receiving service through the meter for the amount which shall have been charged in excess of that which would have been charged had the meter registered with one hundred percent (100%) accuracy, provided the refund exceeds one dollar (\$1). The refund will be computed upon the assumption that the meter was registering one hundred percent (100%) accurately prior to the beginning of the period of inaccuracy or the period of adjustment defined in the preceding paragraph. The refund shall be for the period that the last Customer received service through the meter, but for not more than the periods referred to in this Section 12.2.

##### **Slow Meters**

If the meter is found to under-register, or is slow, the Company may bill the Customer one-half (1/2) of the unbilled undercharge for a period of twelve (12) months, unless the meter has been tested within that twelve (12) month period, in which event the Company may bill the Customer one-half (1/2) of the unbilled undercharge for the period since the meter was last tested. If the amount of under-registration is less than five dollars (\$5), the bill will not be adjusted. Installment payments will be arranged equal to the number of months the account was billed in error in the event additional charges are due the Company, and the installment payments are due and payable in addition to the Customer's regular monthly natural gas service bill.

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**RULES AND REGULATIONS**

**SECTION XII  
(Continued)**

**12.2 ACCURACY OF GAS METERS (Continued)**

**Non-Registering Meters**

If the meter is found to be not registering, or is stopped, the Company may estimate, and bill the Customer the proper charge for the unregistered service by reference to the Customer's consumption during similar periods. Except in the case of tampering, theft, or unauthorized use, the estimate shall cover a period of not more than six (6) months. Installment payments will be arranged equal to the number of months the account was billed in error in the event additional charges are due the Company, and the installment payments are due and payable in addition to the Customer's regular monthly natural gas service bill.

**12.3 REQUEST TESTS**

Upon request by a Customer and at no charge the Company shall make a test of the accuracy of registration of the meter serving that Customer, providing that such tests need not be made more frequently than once in eighteen (18) months.



**RULES AND REGULATIONS**

**SECTION XIII - PAYMENT TERMS**

**13.1 INITIAL RATE SCHEDULE ASSIGNMENT**

Subsequent to receiving an application for Gas Delivery Service and prior to activating such service, the Company shall estimate the annual usage of the Customer (based upon the connected gas consuming appliances or equipment) for the purpose of the initial assignment of a Rate Schedule. Where selection of the most favorable schedule is difficult to predetermine, the Company shall, at the request of the Customer, assist the Customer in selecting a Rate Schedule. Subsequent to service activation, the Customer shall be given reasonable opportunity to change to another Rate Schedule, but the Company shall not be required to make refunds for any previous billing under any Rate Schedules selected by the Customer prior to the time of receipt of a written notice from the Customer requesting to change to another Rate Schedule.

**13.2 ESTABLISHMENT OF CUSTOMER CREDIT**

The Company may require a prospective Customer to satisfactorily establish credit before Gas Delivery Service will be initiated. Such establishment of credit shall not relieve the prospective Customer from complying with the Company's provisions herein for prompt payment of bills. Credit will be deemed so established, and no deposit required, if any one of the following criteria is satisfied:

- (a) The Customer has been a Customer of the Company or other similar Delaware utility in the past two (2) years and;
  - (1) paid the final bill when due, and
  - (2) did not on more than two (2) occasions during the last twelve (12) consecutive months have a bill unpaid after a reasonable period of time after the due date, and
  - (3) did not have service discontinued for non-payment, and
  - (4) can provide the Company with a letter from the last utility substantiating a good payment history; or
- (b) The Customer owns or is purchasing the residence for which the gas service is requested; or,
- (c) The Customer can provide a guarantor satisfactory to the Company. This guarantee shall be in writing and must continue in full force and effect for one (1) year from installation date of the service or until Customer's credit is otherwise established, or
- (d) The Non-residential Customer possesses and maintains an Experian Intelliscore of sixty (60) or above, or

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**RULES AND REGULATIONS**

**SECTION XIII  
(Continued)**

**13.2 ESTABLISHMENT OF CUSTOMER CREDIT (Continued)**

- (e) The Non-residential Customer possesses and maintains at least an investment grade bond/long-term debt rating from either Standard and Poor's or Moody's. Comparable ratings may be considered from other nationally recognized rating organizations acceptable to the Company. In the event a Customer, whose annual gas consumption exceeds one hundred thousand (100,000) Ccf, does not possess a debt rating or the rating is below investment grade, credit may be established, at the sole discretion of the Company, by the Customer's demonstration of adequate financial strength and stability. The Company may evaluate the Customer's creditworthiness by review of at least two (2) years audited financial statements, accompanied by the opinion of an independent certified public accountant or chartered accountants of recognized national or regional standing, and such other known or discovered factors relating to the Customer's creditworthiness.
- (f) The Customers for which credit is established pursuant to this Section 13.2 are subject to periodic review by the Company to assure that no material changes adversely affecting the Customer's creditworthiness have occurred. In the event a material change has occurred, or the Customer has paid its account with a check dishonored by a bank, the Company may request that credit be established by (i) cash deposit, or (ii) irrevocable letter of credit from a bank, or (iii) surety bond.
- (g) Notwithstanding anything stated herein to the contrary, a security deposit shall be required if the Customer has been disconnected by the Company for non-payment within the nine (9) months prior to the Customer's application for service.

When none of the above conditions are met or service has been discontinued (see Section 14.1-b) the Customer shall make a deposit with the Company subject to the following:

- (a) Amount of deposit required may not be more than two-twelfths (2/12) of the estimated charges for the ensuing twelve (12) months, nor less than five dollars (\$5). Residential deposits in excess of one hundred dollars (\$100) may be made with an initial deposit of one hundred dollars (\$100) with the remainder to be paid over the ensuing four (4) week period.
- (b) Interest on a deposit shall be simple interest at an annual rate equal to the average of the percent yields of the 1-year Treasury constant maturities for September, October, and November of the preceding year. Interest will be paid at the time the deposit is returned. The deposit ceases to draw interest on the date service is terminated, or in the case of good credit, the date the deposit is processed for refund. No interest will be paid on deposits held less than ninety (90) days.

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## RULES AND REGULATIONS

### SECTION XIII (Continued)

#### 13.2 ESTABLISHMENT OF CUSTOMER CREDIT (Continued)

- (c) Deposits will be refunded to residential Customers following payment of twelve (12) consecutive bills without arrears.
- (d) Refund of deposit upon discontinuance of service will occur promptly and automatically for the deposit and accrued interest less the Customer's final outstanding balance. A transfer of service from one premises to another within the service area may not be deemed a discontinuance of service.
- (e) At the option of the Company a deposit plus accrued interest may be refunded in whole or in part, at any time earlier than the times prescribed in this Tariff.
- (f) Commercial deposits will be returned when, in the Company's judgement, such deposit is no longer required.

#### 13.3 BILLING PERIOD

Rates are stated on a monthly basis and bills are rendered monthly following the supply of service based on meter readings to the nearest one hundred (100) or one thousand (1,000) cubic feet, depending on the applicable Rate Schedule, scheduled at approximate monthly intervals of twenty-eight (28) to thirty-four (34) days.

An initial period of less than ten (10) days is included in the next month's billing. If the period is more than ten (10) days, a bill is rendered at the regular billing date. A final period, consisting of the number of days from the most recent meter reading to turn off, will be billed as one (1) month. The Customer is liable for service taken after notice to terminate their service until the meter is read and gas shut off. The final bill for service is due and payable upon presentation. Credit balances in a final bill that are five dollars (\$5) or more will be refunded to the Customer.

#### 13.4 PAYMENT PERIOD

. The rates are contingent upon prompt payment. The final date for payment will not fall on any Saturday, Sunday or holiday, and will be due within twenty (20) days of the bill date. Failure to receive the bill will not excuse the Customer from payment obligations, and payments must be made without regard to any counter claims whatsoever.

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## **RULES AND REGULATIONS**

### **SECTION XIII (Continued)**

#### **13.5 BUDGET PLAN**

The Budget Plan is designed for the Customers under Rate Schedules RS-1, ERS-1, RS-2, ERS-2, GS, and EGS, with their account in good standing, and at least twelve (12) months of consumption history. Seasonal heating bills are spread over the Budget Plan period (September through May) with equal monthly payments. The Customer's higher monthly bills during the winter heating season are distributed over a nine-(9) month period, with any under or over billing for the season appearing on and being due with the June bill.

If a RS-1, ERS-1, RS-2, ERS-2, GS, or EGS Customer elects to use the Budget Plan, the estimated bills for the Budget Plan period will be based upon prior consumption at the particular location for a similar period of time, corrected for current conditions. The estimated total bill for the period is divided by the respective number of months to produce the approximate budget payment, which will then be rounded off to the nearest dollar. Subsequent adjustments to the monthly budget payment amount will be made by the Company to compensate for temperature and/or rate changes during the Budget Plan period, with the Customer receiving immediate notification of their new Budget Plan payment amount.

To remain on the Budget Plan, a Customer must pay the current budget payment by the due date each month and pay all balances due as they appear on the bill at the end of the Budget Plan period.

The Company will normally require that the Customer begin the Budget Plan in September of each year.

#### **13.6 DISPUTED BILLS**

Upon receipt of the Customer's initial complaint prior to due date, the Company will extend to the Customer an additional five (5) days to allow for investigation and review of complaint. During time allotted for investigation and review of the complaint, the Company will not discontinue service or require the Customer to provide a security deposit. The final date when payment is due after settlement of complaint shall be ten (10) days.

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## **RULES AND REGULATIONS**

### **SECTION XIII (Continued)**

#### **13.7 UNAUTHORIZED USE**

The use of service obtained from the Company without authority may be terminated by the Company without notice. The use of service without notifying the Company and enabling it to read its meter, will render the user liable for any amount due for service supplied to the premises from the time of the last reading of the meter, immediately preceding user's occupancy, as shown by the books of the Company.

#### **13.8 RETURNED PAYMENTS**

Payment for services provided under this Tariff, Customer deposits, or other Tariff charges which are returned unpaid by the Customer's bank or other financial institution shall result in an additional twenty dollar (\$20) Returned Payment Charge per occurrence and will be charged against the Customer's account. After the second returned payment the Company reserves the right to notify the Customer that an alternate payment method will be required for future payments.

Failure to pay the full amount of the bill including the Returned Payment Charge will result in a discontinuance of the Customer's service. The Company may discontinue service without prior notice if an invalid payment is used to restore service or satisfy a disconnect notice.

#### **13.9 ADJUSTMENTS FOR INCORRECT BILLINGS**

Incorrect billings resulting from clerical error or improper service classifications shall be corrected immediately upon discovery and correct billings rendered to the Customer; however, in no case may additional charges due from the Customer be collected for more than three (3) years prior to the month of discovery. In the event a Customer is overcharged, the overbilling will be refunded to the date the error was made, not to exceed five (5) years, such refund shall be paid to the Customer within sixty (60) days after the error is discovered. Installment payments will be arranged equal to the number of months the account was billed in error in the event additional charges are due the Company, and the installment payments are due and payable in addition to the Customer's regular monthly natural gas service bill.

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**RULES AND REGULATIONS  
SECTION XIV - DISCONNECTION BY THE COMPANY**

**14.1 DISCONNECTION BY THE COMPANY**

The Company may discontinue service and remove its property without being liable to the Customer, or to tenants or occupants of the premises served, for any loss, cost, damage or expense occasioned by such refusal, discontinuance or removal, for any of the following reasons:

- (a) Customer's failure to comply with any of the provisions of the contract, or any applicable regulations of the Commission, or any of the Company's applicable rules or practices currently in effect.
- (b) Customer's non-payment of bill at present or former location. A written notice shall set forth the date service will be discontinued, which shall not be less than five (5) days from the date of mailing of such notice.
- (c) Customer's failure to provide a deposit to insure payment of bills, when requested by the Company under the provisions of Section 13.2.
- (d) After a reasonable request for access to its meter or meters is refused, or if access thereto is obstructed or hazardous.
- (e) The Customer's failure to maintain their equipment in safe condition, in the judgment of the Company.
- (f) The Customer's abuse, fraud, or tampering with the connections, meters or other equipment of the Company.
- (g) The Customer's equipment or use thereof might injuriously affect the equipment of the Company, or the Company's service to other Customers.

The notice provided for in this Section shall consist of five (5) days' written notice sent by first class prepaid mail deposited in a United States mailbox and addressed to the Customer at the Customer's last known mailing address appearing on the records of the Company.

The Company may discontinue service without notice for reasons (e), (f), or (g) above; but, except in emergency situations, in no event shall such termination occur between 12:00 noon on any Friday and 12:00 noon on the succeeding Monday. Should Friday be a legal, state or national holiday, the last preceding business day shall be substituted for Friday. Should Monday be a state or national, legal holiday, the next succeeding business day shall be substituted for Monday. Except in cases of safety or in emergency situations, in no event shall termination occur on a day when the temperature is thirty-two (32) degrees Fahrenheit or below at 8:00 a.m.

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## **RULES AND REGULATIONS**

### **SECTION XIV (Continued)**

#### **14.1 DISCONNECTION BY THE COMPANY (Continued)**

The Company may discontinue service without prior notice if an invalid check is used to restore service or to satisfy a disconnect notice.

The Company will comply with the Commission rules regarding weather conditions or medical conditions for disconnections. Except in case of emergency situations, in no event shall termination occur for non-payment if any occupant of any dwelling unit shall be so ill that the termination of such sale or service shall adversely affect their health or recovery, which has been so certified by a signed statement from any duly licensed physician, physician assistant or advanced nurse practitioner, of this State or of a state with similar accreditation and received by an authorized agent of the Company. Signed statements from a licensed physician, physician assistant or advanced nurse practitioner, obtained pursuant to this section are effective for one hundred twenty (120) days. Signed statements may be renewed by means of a new signed statement to prevent termination only if a customer makes a good faith effort to make payments towards the utility service being provided..

#### **14.2 SEASONAL RECONNECTION AND RECONNECTION CHARGES**

Whenever a residential Customer's gas is turned off or a Customer's meter is disconnected by the Company at the Customer's request, and the account placed on inactive status, and such account is reactivated by the same Customer no less than thirty (30) days and not more than one hundred eighty (180) days from the date of the disconnect, a Seasonal Reconnection Charge equal to the monthly Customer Charge in the Customer's applicable Rate Schedule for each month the account was inactive, plus the Reconnection Charge shall be paid. Such payment, along with other satisfactory arrangements for reconnection, shall be made with the Company for reconnection by the end of the next business day. Details of the charges are contained on Sheet No. 46 (Miscellaneous Customer Charges).

Whenever a Customer's gas shall be turned off or such Customer's meter disconnected by reason of non-compliance with these Rules and Regulations or orders of the Public Service Commission of Delaware, a reconnection charge must be paid and other satisfactory arrangements made with the Company prior to 3:00 p.m. of a normal business day before the gas will be turned on again. Details of the charge are contained on Sheet No. 46 (Miscellaneous Customer Charges).

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**Issue Date: December 20, 2016**

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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**



**RULES AND REGULATIONS**

**SECTION XIV  
(Continued)**

If the Customer desires that the initial gas service connection or gas service reconnection following disconnection by the Company for any reason, be completed on the same day as the request is received by the Company or outside the Company's normal business hours, such After Hours Reconnection may be performed, subject to the availability of Company personnel. The After Hours Connection or Reconnection Charge must be paid. Details of the charges are contained on Sheet No. 46 (Miscellaneous Customer Charges).

Service interruptions may be avoided by paying the overdue amount prior to the past due date of the gas bill, or by paying the overdue amount plus a collection fee to the Company or an authorized agent of the Company. Details of the charge are contained on Sheet No. 46 (Miscellaneous Customer Charges).

**14.3 NON-COMPLIANCE BY COMPANY**

Failure on part of the Company to enforce any of its rights at any time shall not be deemed a waiver of any of its rights.

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**Issue Date: September 2, 2008**

**Effective Date: For Bills Rendered on and after September 3, 2008**

**Authorization: Order No. 7434 dated September 2, 2008 in PSC Docket No. 07-186**

## **RULES AND REGULATIONS**

### **SECTION XV - TERMINATION OF SERVICE**

#### **15.1 TERMINATION BY COMPANY**

The Company's obligation to serve a particular premise shall, at the option of the Company cease and terminate (1) in case the property served is vacated or a change of occupancy occurs; (2) in case of an assignment for the benefit of creditors; (3) in case of the illegal use of gas.

#### **15.2 TERMINATION BY CUSTOMER**

A Customer who intends to vacate a premises, discontinue the use of Gas, or terminate the liability to pay for gas delivered to the premises, shall give at least five (5) days notice to the Company prior to the date of service termination. The Company shall take its final read of the terminating Customer's meter, within normal business hours, on the date designated by the Customer as the termination date, but shall have no obligation to read the meter before the fifth (5<sup>th</sup>) day following receipt of the Customer's termination notice. If such notice is not given, the Customer shall be liable for gas registered by the meter until the meter is read by the Company and the account terminated. Receipt of a notice to discontinue gas service from a Customer with a contract term of service shall not relieve such Customer from any minimum or guaranteed payment under such contract.

#### **15.3 FINAL BILL**

The Customer is liable for service taken after notice to terminate their service until the meter is read and gas shut off. The final bill for service is due and payable upon presentation. Credit balances on a final bill that are five dollars (\$5) or more will be refunded to the Customer.

**RULES AND REGULATIONS**

**SECTION XVI - APPLICATION OF RATES**

**16.1 DEFINITION OF THE TERM “CUSTOMER”**

For the purpose of applying rate schedules in this Tariff, the term “Customer” is defined as any individual, firm, or organization purchasing natural gas delivery service and gas sales service or transportation and balancing service in any one (1) month at one (1) location for one (1) classification of service through one (1) meter. Each individual Customer shall be properly accounted for and identified in the Company’s billing system through the combination of a Customer Account number and a Service Identification and Extension number. The schedule of rates is based on delivering and billing service to the end user for retail service only and does not permit resale or redistribution, unless otherwise specified in the Tariff.

A “month” does not refer to a calendar month, but shall mean the period between any two scheduled consecutive readings of the meters by the Company.

In those cases where, at the Company’s election, two (2) or more meters are installed at a single metering location on the same premises for the same Customer for the same class of service, the amount of gas supplied through all such meters will be combined in arriving at the total charge, and the customer charge will be the same as though one (1) meter was installed.

Where a single commercial, industrial, or institutional Customer occupies more than one (1) unit of space in the conduct of the same business, each separate unit will be metered separately and considered a distinct Customer, unless the Customer makes the necessary provisions to permit metering of all gas used for each class of service in the various units at a single metering location. This rule shall apply only where the units are located on contiguous property with no intervening public property or private property controlled by others. Only one (1) service connection will be provided for each class of service furnished, and the metering location shall be as close as possible to the point of service entrance.

**RATE SCHEDULE "RS - 1"**

**RESIDENTIAL SERVICE - 1**

**AVAILABILITY**

This Rate Schedule is available to any individually metered Customer using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose with an annual consumption of two hundred forty (240) Ccf or less. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm residential Rate Schedule should their annual consumption warrant such a change. A Customer on RS-1 Service will be moved to Rate Schedule with annual consumption equal to or greater than two hundred sixty-four (264) Ccf. This annual review process will be based on the twelve (12) months ended August. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

**DELIVERY SERVICE RATES**

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

|                  |                   |
|------------------|-------------------|
| Customer Charge: | \$13.50 per month |
| First 20 Ccf     | \$0.627 per Ccf   |
| Next 30 Ccf      | \$0.300 per Ccf   |
| Over 50 Ccf      | \$0.190 per Ccf   |

**GAS SALES SERVICE**

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "RS-1" provided on Sheet No. 42.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

**MINIMUM BILL**

The minimum monthly bill under this Rate Schedule is the Customer charge.

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**Issue Date: December 20, 2016**

**Effective Date: January 1, 2017**

**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others.
- (3) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Issue Date: December 20, 2016**

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**RATE SCHEDULE "RS - 2"**

**RESIDENTIAL SERVICE – 2**

**AVAILABILITY**

This Rate Schedule is available to any individually metered Customer using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose with annual consumption of greater than two hundred forty (240) Ccf. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm residential Rate Schedule should their annual consumption warrant such a change. A Customer on RS-1 Service will be moved to this Rate Schedule with annual consumption equal to or greater than two hundred sixty-four (264) Ccf. A Customer on this Rate Schedule will be moved to RS-1 Service with annual consumption less than two hundred sixteen (216) Ccf. This annual review process will be based on the twelve (12) months ended August. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

**DELIVERY SERVICE RATES**

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

|                  |                   |
|------------------|-------------------|
| Customer Charge: | \$13.50 per month |
| First 20 Ccf     | \$0.621 per Ccf   |
| Next 30 Ccf      | \$0.362 per Ccf   |
| Over 50 Ccf      | \$0.175 per Ccf   |

**GAS SALES SERVICE**

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "RS-2" provided on Sheet No. 42.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

**MINIMUM BILL**

The minimum monthly bill under this Rate Schedule is the Customer charge.

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**Issue Date: December 20, 2016**

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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others.
- (3) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Issue Date: December 20, 2016**

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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**RATE SCHEDULE "ERS-1"**

**EXPANSION AREA RESIDENTIAL SERVICE – 1**

**AVAILABILITY**

This Rate Schedule is available to any individually metered Customer within the southeastern Sussex County, Delaware, expansion area using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose with an annual consumption of two hundred forty (240) Ccf or less. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm residential Rate Schedule should their annual consumption warrant such a change. A Customer on ERS-1 Service will be moved to Rate Schedule ERS-2 with annual consumption equal to or greater than two hundred sixty-four (264) Ccf. This annual review process will be based on the twelve (12) months ended August. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

**DELIVERY SERVICE RATES**

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

|                  |                   |
|------------------|-------------------|
| Customer Charge: | \$16.50 per month |
| First 20 Ccf     | \$0.627 per Ccf   |
| Next 30 Ccf      | \$0.300 per Ccf   |
| Over 50 Ccf      | \$0.190 per Ccf   |

**GAS SALES SERVICE**

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "ERS" provided on Sheet No. 42.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.



**RATE SCHEDULE "ERS-1"**

**EXPANSION AREA RESIDENTIAL SERVICE – 1  
(Continued)**

**MINIMUM BILL**

The minimum monthly bill under this Rate Schedule is the Customer charge.

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others.
- (3) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Issue Date: December 20, 2016**  
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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**RATE SCHEDULE "ERS-2"**

**EXPANSION AREA RESIDENTIAL SERVICE – 2**

**AVAILABILITY**

This Rate Schedule is available to any individually metered Customer within the southeastern Sussex County, Delaware, expansion area using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose with annual consumption of greater than two hundred forty (240) Ccf. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm residential Rate Schedule should their annual consumptions warrant such a change. A Customer on ERS-1 Service will be moved to this Rate Schedule with annual consumption equal to or greater than two hundred sixty-four (264) Ccf. A Customer on this Rate Schedule will be moved to ERS-1 Service with annual consumption less than two hundred sixteen (216) Ccf. This annual review process will be based on the twelve (12) months ended August. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

**DELIVERY SERVICE RATES**

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

|                  |                   |
|------------------|-------------------|
| Customer Charge: | \$31.75 per month |
| First 20 Ccf     | \$0.621 per Ccf   |
| Next 30 Ccf      | \$0.362 per Ccf   |
| Over 50 Ccf      | \$0.175 per Ccf   |

**GAS SALES SERVICE**

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "ERS" provided on Sheet No. 42.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

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**Issue Date: December 20, 2016**  
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**RATE SCHEDULE "ERS-2"**

**EXPANSION AREA `RESIDENTIAL SERVICE – 2  
(Continued)**

**MINIMUM BILL**

The minimum monthly bill under this Rate Schedule is the Customer charge.

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others.
- (3) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Issue Date: December 20, 2016**  
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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**RATE SCHEDULE "GS"  
GENERAL SERVICE**

**AVAILABILITY**

This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes with an annual consumption of less than four thousand (4,000) Ccf. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption warrant such a change. A Customer on General Service will be moved to Rate Schedule MVS with annual consumption equal to or greater than four thousand four hundred (4,400) Ccf. This annual review process will be based on the twelve (12) months ended August. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

**DELIVERY SERVICE RATES**

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

|                  |                   |
|------------------|-------------------|
| Customer Charge: | \$34.00 per month |
| First 20 Ccf     | \$0.426 per Ccf   |
| Next 30 Ccf      | \$0.257 per Ccf   |
| Over 50 Ccf      | \$0.119 per Ccf   |

**GAS SALES SERVICE**

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "GS" provided on Sheet No. 42.

**TRANSPORTATION AND BALANCING RIDER**

Transportation service is available to commercial and industrial Customers on this Rate Schedule who meet the eligibility requirements set forth in the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the Customer is subject to the following Firm Balancing Service Rate applied to all gas consumption.

|                                     |                                 |
|-------------------------------------|---------------------------------|
| <b>Firm Balancing Service Rate:</b> | \$0.076 per Ccf of gas consumed |
|-------------------------------------|---------------------------------|

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**Issue Date: December 20, 2016**  
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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**RATE SCHEDULE "GS"  
GENERAL SERVICE  
(Continued)**

**PUBLIC UTILITIES TAX**

The Delivery Service, Gas Sales Service, Firm Balancing Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Customer is exempt from such tax.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

**MINIMUM BILL**

The minimum monthly bill under this Rate Schedule is the Customer charge.

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of compressed natural gas ("CNG") to third parties.
- (3) A firm Customer that transfers from Gas Sales Service to Transportation and Balancing Service, as authorized under the Company's Tariff, may be required to pay a transition charge in the future to prevent the remaining firm Gas Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the firm Gas Sales Service Customers switching to Transportation and Balancing Service.
- (4) A firm Customer that transfers from Gas Sales Service to Transportation and Balancing Service or to Interruptible Sales Service, as authorized under the Company's Tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.
- (5) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**RATE SCHEDULE "EGS"**

**EXPANSION AREA GENERAL SERVICE**

**AVAILABILITY**

This Rate Schedule is available to any Customer within the southeastern Sussex County, Delaware, expansion area using gas for commercial and/or industrial purposes with an annual consumption of less than four thousand (4,000) Ccf. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption warrant such a change. A Customer on Rate Schedule EGS will be moved to Rate Schedule EMVS with annual consumption equal to or greater than four thousand four hundred (4,400) Ccf This annual review process will be based on the twelve (12) months ended August. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

**DELIVERY SERVICE RATES**

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

|                  |                   |
|------------------|-------------------|
| Customer Charge: | \$56.00 per month |
| First 20 Ccf     | \$0.426 per Ccf   |
| Next 30 Ccf      | \$0.257 per Ccf   |
| Over 50 Ccf      | \$0.119 per Ccf   |

**GAS SALES SERVICE**

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "EGS" provided on Sheet No. 42.

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**RATE SCHEDULE "EGS"**

**EXPANSION AREA GENERAL SERVICE  
(Continued)**

**TRANSPORTATION AND BALANCING RIDER**

Transportation service is available to commercial and industrial Customers on this Rate Schedule who meet the eligibility requirements set forth in the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the Customer is subject to the following Firm Balancing Service Rate applied to all gas consumption

**Firm Balancing Service Rate:** \$0.076 per Ccf of gas consumed

**PUBLIC UTILITIES TAX**

The Delivery Service, Gas Sales Service, Firm Balancing Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Customer is exempt from such tax.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

**MINIMUM BILL**

The minimum monthly bill under this Rate Schedule is the Customer charge.

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

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**RATE SCHEDULE "EGS"**

**EXPANSION AREA GENERAL SERVICE  
(Continued)**

**SPECIAL TERMS AND CONDITIONS OF SERVICE (Continued)**

- (3) A firm Customer that transfers from Gas Sales Service to Transportation and Balancing Service, as authorized under the Company's Tariff, may be required to pay a transition charge in the future to prevent the remaining firm Gas Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the firm Gas Sales Service Customers switching to Transportation and Balancing Service.
- (4) A firm Customer that transfers from Gas Sales Service to Transportation and Balancing Service or to Interruptible Sales Service, as authorized under the Company's Tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.
- (5) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Issue Date: December 20, 2016**  
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**RATE SCHEDULE "MVS"  
MEDIUM VOLUME SERVICE**

**AVAILABILITY**

This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than four thousand (4,000) Ccf and less than fifteen thousand (15,000) Ccf. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption warrant such a change. A Customer on General Service will be moved to this Rate Schedule with annual consumption equal to or greater than four thousand four hundred (4,400) Ccf. A Customer on this Rate Schedule will be moved to General Service with annual consumption less than three thousand six hundred (3,600) Ccf. The annual review process will be based on the twelve (12) months ended August. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

**DELIVERY SERVICE RATES**

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

|                  |                   |
|------------------|-------------------|
| Customer Charge: | \$80.00 per month |
| First 200 Ccf    | \$0.242 per Ccf   |
| Over 200 Ccf     | \$0.130 per Ccf   |

**GAS SALES SERVICE**

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "MVS" provided on Sheet No. 42.

**TRANSPORTATION AND BALANCING RIDER**

Transportation service is available to commercial and industrial Customers on this Rate who meet the eligibility requirements set forth in the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the customer is subject to the following Firm Balancing Service Rate applied to all gas consumption

|                                     |                                 |
|-------------------------------------|---------------------------------|
| <b>Firm Balancing Service Rate:</b> | \$0.100 per Ccf of gas consumed |
|-------------------------------------|---------------------------------|

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**RATE SCHEDULE "MVS"**

**MEDIUM VOLUME SERVICE**

**PUBLIC UTILITIES TAX**

The Delivery Service, Gas Sales Service, Firm Balancing Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Customer is exempt from such tax.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

**MINIMUM BILL**

The minimum monthly bill under this Rate Schedule is the Customer charge.

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.
- (3) A firm Customer that transfers from Gas Sales Service to Transportation and Balancing Service, as authorized under the Company's Tariff, may be required to pay a transition charge in the future to prevent the remaining firm Gas Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the firm Gas Sales Service Customers switching to Transportation and Balancing Service.
- (4) A firm Customer that transfers from Gas Sales Service to Transportation and Balancing Service or Interruptible Sales Service, as authorized under the Company's Tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.
- (5) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Issue Date: December 20, 2016**

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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**RATE SCHEDULE "EMVS"**

**EXPANSION AREA MEDIUM VOLUME SERVICE**

**AVAILABILITY**

This Rate Schedule is available to any Customer within the southeastern Sussex County, Delaware, expansion area using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than four thousand (4,000) Ccf and less than fifteen thousand (15,000) Ccf. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption warrant such a change. A Customer on Rate Schedule EGS will be moved to this Rate Schedule with annual consumption equal to or greater than four thousand four hundred (4,400) Ccf. A Customer on this Rate Schedule will be moved to Rate Schedule EGS with annual consumption less than three thousand six hundred (3,600) Ccf. The annual review process will be based on the twelve (12) months ended August. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

**DELIVERY SERVICE RATES**

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

|                  |                    |
|------------------|--------------------|
| Customer Charge: | \$158.75 per month |
| First 200 Ccf    | \$0.242 per Ccf    |
| Over 200 Ccf     | \$0.130 per Ccf    |

**GAS SALES SERVICE**

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "EMVS" provided on Sheet No. 42.

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**Issue Date: December 20, 2016**

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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**RATE SCHEDULE "EMVS"**

**EXPANSION AREA MEDIUM VOLUME SERVICE  
(Continued)**

**TRANSPORTATION AND BALANCING RIDER**

Transportation service is available to commercial and industrial Customers on this Rate who meet the eligibility requirements set forth in the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the Customer is subject to the following Firm Balancing Service Rate applied to all gas consumption

**Firm Balancing Service Rate:** \$0.100 per Ccf of gas consumed

**PUBLIC UTILITIES TAX**

The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Customer is exempt from such tax.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

**MINIMUM BILL**

The minimum monthly bill under this Rate Schedule is the Customer charge.

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

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**Issue Date: December 20, 2016**

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**RATE SCHEDULE "EMVS"**

**EXPANSION AREA MEDIUM VOLUME SERVICE  
(Continued)**

**SPECIAL TERMS AND CONDITIONS OF SERVICE (Continued)**

- (3) A firm Customer that transfers from Gas Sales Service to Transportation and Balancing Service, as authorized under the Company's Tariff, may be required to pay a transition charge in the future to prevent the remaining firm Gas Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the firm Gas Sales Service Customers switching to Transportation and Balancing Service.
- (4) A firm Customer that transfers from Gas Sales Service to Transportation and Balancing Service or Interruptible Sales Service, as authorized under the Company's Tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.
- (5) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Issue Date: December 20, 2016**

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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**RATE SCHEDULE "LVS"**

**LARGE VOLUME SERVICE**

**AVAILABILITY**

This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than fifteen thousand (15,000) Ccf. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption warrant such a change. A Customer on Medium Volume Service will be moved to this Rate Schedule with annual consumption equal to or greater than sixteen thousand five hundred (16,500) Ccf. A Customer on this Rate Schedule will be moved to Medium Volume Service with annual consumption less than thirteen thousand five hundred (13,500) Ccf. The annual review process will be based on the twelve (12) months ended August. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

**DELIVERY SERVICE RATES**

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

|                  |                    |
|------------------|--------------------|
| Customer charge: | \$175.00 per month |
| First 1000 Ccf   | \$0.329 per Ccf    |
| Over 1000 Ccf    | \$0.086 per Ccf    |

**GAS SALES SERVICE**

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "LVS" provided on Sheet No. 42.

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**Issue Date: December 20, 2016**

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**RATE SCHEDULE "LVS"**

**LARGE VOLUME SERVICE  
(Continued)**

**TRANSPORTATION AND BALANCING SERVICE**

Transportation service is available to commercial and industrial Customers on this Rate Schedule who meet the eligibility requirements set forth in the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the Customer is subject to the following Firm Balancing Service rate applied to all gas consumption.

Firm Balancing Service Rate: \$0.089 per Ccf of gas consumed

**PUBLIC UTILITIES TAX**

The Delivery Service, Gas Sales Service, Firm Balancing Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Customer is exempt from such tax.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

**MINIMUM BILL**

The minimum monthly bill under this Rate Schedule is the Customer charge.

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

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**Issue Date: December 20, 2016**

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**RATE SCHEDULE "LVS"**

**LARGE VOLUME SERVICE  
(Continued)**

**SPECIAL TERMS AND CONDITIONS OF SERVICE (Continued)**

- (3) A firm Customer that transfers from Gas Sales Service to Transportation and Balancing Service, as authorized under the Company's Tariff, may be required to pay a transition charge in the future to prevent the remaining firm Gas Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the firm Gas Sales Service Customers switching to Transportation and Balancing Service.
- (4) A firm Customer that transfers from Gas Sales Service to Transportation and Balancing Service or to Interruptible Sales Service, as authorized under the Company's Tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.
- (5) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Issue Date: December 20, 2016**

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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**



**RATE SCHEDULE "HLFS"  
HIGH LOAD FACTOR SERVICE**

**AVAILABILITY**

This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes that would otherwise qualify for Medium Volume Service or Large Volume Service and with winter months' consumption, defined as the months of January through March, being less than thirty-five percent (35%) of their annual consumption. In addition, the Customer must use natural gas in at least eleven (11) of the twelve (12) months under review and usage must be fairly evenly distributed throughout the review period. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption or winter months consumption warrant such a change. A Customer will remain on this Rate Schedule as long as winter months' consumption is less than thirty-seven percent (37%) of their annual consumption and the Customer qualifies for Medium Volume Service or Large Volume Service. The annual review process will be based on the twelve (12) months ended August. Customers will not be shifted between Rate Schedules due to changes in annual consumption or winter months' consumption other than after the annual review.

**DELIVERY SERVICE RATES**

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

|                  |          |           |
|------------------|----------|-----------|
| Customer Charge: | \$125.00 | per month |
| All gas consumed | \$0.088  | per Ccf   |

**GAS SALES SERVICE**

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "HLFS" provided on Sheet No. 42.

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**Issue Date: December 20, 2016**

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**RATE SCHEDULE "HLFS"  
HIGH LOAD FACTOR SERVICE  
(Continued)**

**TRANSPORTATION AND BALANCING SERVICE**

Transportation service is available to commercial and industrial Customers on this Rate who meet the eligibility requirements set forth in the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the Customer is subject to the following Firm Balancing Service rate applied to all gas consumption

Firm Balancing Service Rate: \$0.017 per Ccf of gas consumed

**PUBLIC UTILITIES TAX**

The Delivery Service, Gas Sales Service, Firm Balancing Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Customer is exempt from such tax.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

**MINIMUM BILL**

The minimum monthly bill under this Rate Schedule is the Customer charge.

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

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**Issue Date: December 20, 2016**

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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**RATE SCHEDULE "HLFS"**

**HIGH LOAD FACTOR SERVICE  
(Continued)**

**SPECIAL TERMS AND CONDITIONS OF SERVICE (Continued)**

- (3) A firm Customer that transfers from Gas Sales Service to Transportation and Balancing Service, as authorized under the Company's Tariff, may be required to pay a transition charge in the future to prevent the remaining firm Gas Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the firm Gas Sales Service Customers switching to Transportation and Balancing Service.
- (4) A firm Customer that transfers from Gas Sales Service to Transportation and Balancing Service or to Interruptible Sales Service, as authorized under the Company's Tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.
- (5) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Issue Date: December 20, 2016**

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**RATE SCHEDULE "NGV"**

**NATURAL GAS VEHICLE**

**SERVICE AVAILABILITY**

This Rate Schedule is available to any Customer operating a motor vehicle that is capable of using compressed natural gas ("CNG") as a fuel if the equipment installed on the vehicle meets industry recognized standards and if the operator is authorized by the Company to fuel a motor vehicle with the CNG as the result of completing the Company's training program or a program determined by the Company, in its sole discretion, to be an equivalent training program.

This gas service will be available at Chesapeake Utilities Corporation, 350 South Queen Street, Dover, Delaware 19904. Service hereunder is subject to availability of the Company's gas supply, adequate distribution system capabilities and other resources available to and as determined by the Company.

This gas service is subject to interruption, at the Company's option, at any time during the year without notice and for an indefinite period of time. The Company has no obligation whatsoever to make CNG available to any Customer and may interrupt service at any time without notice.

**TERM**

Service under this contract will terminate, with ninety (90) days' notice, at the discretion of the Company or the Commission. This notice shall be given by registered letter.

**COMMODITY CHARGE (Posted Price)**

The price per Ccf of CNG will be posted at the CNG Station on the first (1<sup>st</sup>) day of each month and will be set at the average price for CNG for the central Atlantic region as published by the U.S. Department of Energy in its most recent Clean Cities Alternative Fuel Price Report or its successor publication, plus any applicable tax imposed by any governmental entity on natural gas sales or CNG sales.

The price charged to any Customer will be reduced from the posted price to the extent the posted price includes a tax or taxes imposed by any governmental entity on natural gas sales or CNG sales and the Customer is exempt from such tax or taxes.

If the Customer is exempt from federal or state taxes imposed with respect to sales of CNG for motor vehicle use, the price charged to the Customer will be reduced from the posted price by the tax or taxes on CNG from which the Customer is exempt.

In no event will CNG be sold if the price as determined above is below the price level established for Company-Use Gas.

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**Issue Date: December 20, 2016**

**Effective Date: January 1, 2017**

**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

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**Issue Date: September 2, 2008**

**Effective Date: For Bills Rendered on and after September 3, 2008**

**Authorization: Order No. 7434 dated September 2, 2008 in PSC Docket No. 07-186**

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**Issue Date: September 2, 2008**

**Effective Date: For Bills Rendered on and after September 3, 2008**

**Authorization: Order No. 7434 dated September 2, 2008 in PSC Docket No. 07-186**

**RATE SCHEDULE "GLR"**

**GAS LIGHTING SERVICE**

**AVAILABILITY**

This Rate Schedule is available for unmetered residential outdoor gas lights as herein specified where the Company's existing distribution mains and services are suitable to supply such service.

**DELIVERY SERVICE RATE**

The following rate for delivering gas to the Customer's location applies to all Customers served under this Rate Schedule.

Each 2 cu. ft./hr. or less \$13.11 per month.

**GAS SALES SERVICE**

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "GLR" provided on Sheet No. 42.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) The Customer shall install and own the lighting devices.
- (3) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Issue Date: December 20, 2016**

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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**RATE SCHEDULE "GLO"**

**GAS LIGHTING SERVICE**

**AVAILABILITY**

This Rate Schedule is available for unmetered outdoor gas lights for other than residential use as herein specified where the Company's existing distribution mains and services are suitable to supply such service.

**DELIVERY SERVICE RATE**

The following rate for delivering gas to the Customer's location applies to all Customers served under this Rate Schedule.

Each 2 cu. ft./hr. or less \$13.11 per month.

**GAS SALES SERVICE**

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "GLO" provided on Sheet No. 42.

**PUBLIC UTILITIES TAX**

The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Customer is exempt from such tax.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) The Customer shall install and own the lighting devices.
- (3) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Issue Date: December 20, 2016**

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**RATE SCHEDULE "NCR"**

**NEGOTIATED CONTRACT RATE**

**AVAILABILITY**

This negotiated contract Tariff provision enables the Company to respond to Customers' competitive options in the energy services market. The Company shall use this negotiated contract Tariff to compete with alternate pricing situations resulting from, but not limited to, fuel switching, facility relocation or expansion, partial or complete plant production shifting, potential physical bypass, or other options available to the Customer. The Company shall use the provisions of this Tariff only after a determination by the Company and the Customer that other existing Tariff options will not meet the Customer's needs.

**ELIGIBILITY**

This contract Tariff is available to any qualifying Customer as specified herein. Customer qualification shall be based upon meeting each of the following criteria as determined solely by the Company:

- (1) The Customer has an economic competitive alternative to full or partial service from the Company's standard Tariff rates, as determined by the Company;
- (2) The Customer is likely to select said alternative if the Company does not provide a negotiated contract rate; and
- (3) The price to the Customer will provide net revenues above the incremental costs to provide service under this negotiated contract rate; and
- (4) The Customer desires fixed pricing for a term of one (1) year or more which requires a gas supply tailored to the specified term and pricing conditions.

The Company shall determine eligibility on a case-by-case basis based upon information supplied by the Customer and in accordance with the Company's internal pricing guidelines. The Company's decision on the application shall consider the economics of the competitive alternative, as well as the practical aspects of securing that alternative (e.g., ability to secure environmental permitting, feasibility studies, switching ability, ability to secure required capital).

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**RATE SCHEDULE "NCR"**

**NEGOTIATED CONTRACT RATE  
(Continued)**

**SERVICE OPTIONS**

If the Company concludes that the Customer meets all the eligibility requirements listed above, the Company shall enter into negotiations with the Customer for the purpose of offering such services as are believed to meet the Customer's requirements. Competitive offers may be made in a manner which provides the Customer with numerous choices for service. A menu of service options differentiated by contract term, quantity, pricing options, and service attributes may be made available to the qualifying Customer.

**RATE**

Pricing for delivery service only, a combination of delivery service and gas supply, and balancing service shall be determined on a case-by-case basis according to the nature of the competitive situation. The final arrangements between the Company and the Customer shall be included in the contract.

**PUBLIC UTILITIES TAX**

All rates and charges under this Rate Schedule, including gas cost if applicable, are subject to the Delaware Public Utilities Tax unless the Customer is exempt from such tax.

**CONTRACT TERM**

The contract term shall be specified in a contract between the Customer and the Company. The minimum term of any contract will be one (1) year and the maximum term will be five (5) years.

**SPECIAL TERMS AND PROVISIONS**

- (1) Upon agreement on service options, the Customer and the Company shall enter into a contract which specifies the services and the terms and conditions of providing the services. The Customer must sign the contract prior to commencement of this service and any investment by the Company. Service under the contractual agreement will commence on the date specified in the contract.

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**Issue Date: December 20, 2016**

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**RATE SCHEDULE "NCR"**

**NEGOTIATED CONTRACT RATE  
(Continued)**

**SPECIAL TERMS AND PROVISIONS (Continued)**

- (2) The contract shall be considered a confidential document between the Company and the Customer. By signing the contract, the Customer and the Company agree not to share the contract or information contained within the contract with anyone except the parties to the contract, the Public Service Commission of Delaware and the Office of the Public Advocate, unless given written consent from the other party. Violations by the Customer of the confidentiality agreement shall permit the Company to immediately terminate the contract with the Customer and serve the Customer under another rate schedule for which the Customer qualifies. The Customer shall also be responsible for the penalty provision described below and additional damages or prejudices to any other existing or potential contracts resulting from the breach of confidentiality.
- (3) The contract between the Company and the Customer shall include penalty provisions for early contract cancellation. If at any time prior to the end of the contract term the Customer elects to terminate the contractual agreement with the Company without exercising a re-contracting option for continuing service, the Customer shall be obligated to the terms for cancellation as specified within the contract.
- (4) The Company may offer value-added services in conjunction with the contract. All service attributes agreed to between the Company and the Customer shall be included in the contract.
- (5) The Company shall file all required information with the Public Service Commission of Delaware within thirty (30) days of the executed Contract.

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**RATE SCHEDULE "ITS"**

**INTERRUPTIBLE TRANSPORTATION SERVICE**

**AVAILABILITY**

This Rate Schedule is available to any non-residential Customer with annual consumption of at least one hundred thousand (100,000) Ccf with facilities in operating condition capable of utilizing an alternative fuel due to the fact gas service provided is subject to complete interruption at any time during the year at the Company's option. The definition of an alternative fuel under this rate schedule shall be propane, fuel oil, or electricity. When applying for service under this Rate Schedule, the Customer is required to provide the Company, in writing, with the type and specific grade of alternative fuel utilized by the Customer. The Customer shall submit, within thirty (30) days of any change in operations, written notification when such change affects its alternate fuel capability. The Customer must also purchase all of its gas from or through a qualified supplier of natural gas as set forth in Rate Schedule SUP.

**DELIVERY SERVICE RATE**

Customer charge: \$935.00 per month

The rate per Ccf of consumption shall be determined on an individual Customer basis according to the nature of the interruptible service to be provided. This rate can be adjusted upon one (1) day's notice to the Customer.

**TRANSPORTATION AND BALANCING SERVICE**

Customers must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing Rider General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rate, the Customer is subject to the following Interruptible Balancing Service rate applied to all gas consumption.

Interruptible Balancing Service Rate: \$0.012 per Ccf of gas consumed

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**RATE SCHEDULE "ITS"**

**INTERRUPTIBLE TRANSPORTATION SERVICE  
(Continued)**

**PUBLIC UTILITIES TAX**

The Delivery Service, Interruptible Balancing Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Customer is exempt from such tax.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

**MINIMUM BILL**

The minimum monthly bill under this Rate Schedule is the Customer charge.

**CONTRACT TERMS**

The contract term shall be specified in a contract between the Customer and the Company. The minimum term of any contract will be one (1) year.

**SERVICE INTERRUPTION**

The Company will endeavor to provide as much notice as possible to Customers prior to any interruption or curtailment of gas delivery service. Customer agrees to accept complete interruption of service upon at least four (4) hours advance notice from any hour of the day. If the Customer fails to interrupt service, the Customer shall pay a Penalty Rate of five dollars (\$5) per Ccf in addition to the currently effective rate. The Penalty Rate, which shall be credited to firm Customers through the GSR mechanism, shall remain in effect until such time as the Company, in its sole discretion, determines that normal service can be restored. The Customer agrees to hold the Company harmless from any loss, cost or damage occasioned by the interruption of service resulting from the Company's enforcement of this provision. In the event the Customer has an emergency that would cause the Customer great hardship if gas service is interrupted, the Company may, at its sole discretion based on available gas supply, waive interruption for a specified period of time. If the Customer fails to interrupt by the end of the specified period, the Customer shall pay the penalty shown above.

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**RATE SCHEDULE "ITS"**

**INTERRUPTIBLE TRANSPORTATION SERVICE  
(Continued)**

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Service purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others.
- (3) Service hereunder will be interrupted at the sole discretion of the Company.
- (4) Service hereunder will not be supplied from the Company's peaking facilities unless the Company waives the interruption of service due to an emergency.
- (5) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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**Issue Date: December 20, 2016**

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**RATE SCHEDULE "IBE"**

**INTERRUPTIBLE BEST EFFORTS SALES SERVICE**

**AVAILABILITY**

This Rate Schedule is available to any commercial or industrial transportation Customer or Supplier for use as an interruptible gas supply for deliveries to or upstream of the distribution system or to any entity for off-system deliveries to replace third-party gas for any reason or to serve incremental loads. This service is available only on a best efforts basis subject to the ability of the Company to obtain gas supply and subject to interruption for any reason determined by the Company. Service under this Rate Schedule must be scheduled no later than 7:00 a.m. of the day before service is to begin. Transportation Customers that have a third-party supply interrupted will be subject to any applicable penalties that accrue before this service is scheduled.

**DELIVERY SERVICE RATE**

The rate for delivering gas to the Customer's location through the Company's distribution system will be at the Delivery Service rate set forth in the Rate Schedule under which the Customer normally receives service.

**GAS SERVICE RATE**

The gas rate for natural gas service shall be a negotiated, market-based rate. Any margins received under this rate shall be credited eighty percent (80%) to the firm customers through the GSR mechanism with twenty percent (20%) being retained by the Company.

**PUBLIC UTILITIES TAX**

The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Customer is exempt from such tax.

**PAYMENT TERMS**

Bills are due within twenty (20) days of their date.

**CONTRACT TERMS**

The contract term shall be specified in a contract between the Customer and the Company. The minimum term of any contract is one (1) day.

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**RATE SCHEDULE "IBE"**

**INTERRUPTIBLE BEST EFFORTS SALES SERVICE  
(Continued)**

**SERVICE INTERRUPTION**

The Customer agrees to accept complete interruption of service upon at least four (4) hour advance notice from any hour of the day. If the customer fails to interrupt service, the Customer shall pay a Penalty Rate of five dollars (\$5) per Ccf in addition to the currently effective rates. The Penalty Rate, which shall be credited to firm Customers through the GSR mechanism, shall remain in effect until such time as the Company, in its sole discretion, determines that normal service can be restored. The Customer agrees to hold the Company harmless from any loss, cost or damage occasioned by the interruption of service resulting from the Company's enforcement of this provision. In the event the Customer has an emergency that would cause the Customer great hardship if gas service is interrupted, the Company may, at its sole discretion based on available gas supply, waive interruption for a specified period of time. If the Customer fails to interrupt by the end of the specified period, the Customer shall pay the penalty shown above.

**SPECIAL TERMS AND CONDITIONS OF SERVICE**

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Service purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others.
- (3) Service hereunder will be interrupted at the sole discretion of the Company.
- (4) Service hereunder will not be supplied from the Company's peaking facilities unless the Company waives the interruption of service due to an emergency.

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**Issue Date: December 20, 2016**

**Effective Date: January 1, 2017**

**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**



**RATE SCHEDULE "GSR"**

**GAS SALES SERVICE RATES**

**FIRM SALES RATE SCHEDULES**

The Gas Sales Service Rates applicable to the respective firm Rate Schedules, as listed below, will be applied to all Customers served on that schedule based on a volumetric charge per Ccf (100 cubic feet). The Gas Sales Service Rates only apply to the respective firm Rate Schedules listed below and do not apply to the Interruptible Transportation Service, Transportation Service, Negotiated Contract Rate, and Interruptible Best Efforts Sales Service. The Gas Sales Service Rates will be calculated to the nearest tenth of a cent (.1¢).

The following lists the applicable Gas Sales Service Rates for the respective firm Rate Schedules as defined in this Tariff:

| <u>RATE SCHEDULE</u>            | <u>GAS SALES SERVICE RATES</u> |
|---------------------------------|--------------------------------|
| RS, ERS, GS, EGS, MVS, EMVS LVS | \$0.818 per Ccf                |
| HLFS                            | \$0.628 per Ccf                |
| GLR and GLO                     | \$0.360 per Ccf                |

These rates are subject to change based on actual and estimated gas costs. The Company will file with the Commission a copy of these Gas Sales Service Rates at least sixty (60) days prior to the regularly scheduled adjustment date, which shall be each November 1.

The November 1 rates will be based on a projected twelve (12) month period of November through October (projected period). The rates computed under this Rate Schedule shall remain in effect for the projected period provided the latest estimated over collection does not exceed 4½% or the latest estimated under collection does not exceed 6% of the actual firm gas costs incurred to date along with the Company's latest firm gas cost estimates for the remainder of the over/under collection period (over/under period). The twelve (12) month period used for the calculation of the over/under period will be based on the actual nine (9) months ended July 31 of each year and the projected three (3) months ended October 31 of each year. If it appears that the use of these rates for the twelve (12) month over/under period will result in an over or under collection exceeding these limits, the Company shall apply to the Commission for revised rates to be effective until the next annual adjustment in the rates.

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**Issue Date: September 1, 2016**

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**RATE SCHEDULE "GSR"  
GAS SALES SERVICE RATES  
(Continued)**

**OVERALL METHODOLOGY**

The overall projected firm gas costs for the twelve (12) month projected period shall include:

- (1) Natural gas purchased from any Supplier; plus
- (2) Liquefied petroleum gas (LPG); plus
- (3) Liquefied natural gas (LNG); plus
- (4) Other hydrocarbons distributed to Customers or used as feedstock for production of substitute natural gas (SNG); plus
- (5) Storage, transportation, and any other gas related costs, including costs related to the gas supply department; plus
- (6) Charges paid to the Company's Suppliers for past periods unless disallowed by the Public Service Commission of Delaware; less
- (7) The projected commodity gas costs for Interruptible Service; less
- (8) The demand and commodity gas costs for Negotiated Contract Rate Customers who are not charged the gas sales service rate associated with a firm Rate Schedule; less
- (9) The commodity gas costs for Interruptible Best Efforts Sales Service; less
- (10) All demand and commodity Supplier refunds received from the Company's Suppliers; less
- (11) The firm sales Customers receipt of one hundred percent (100%) of the firm and interruptible transportation balancing service margins which will be a demand related gas cost; less or plus
- (12) The over or under collection for the prior over/under period of the actual nine (9) months ended July 31 and the projected three (3) months ended October 31. Interest will be calculated on the actual monthly over or under collection balances net of deferred income taxes at the rate of one-twelfth (1/12<sup>th</sup>) the annual refund interest rate issued by the Federal Energy Regulatory Commission on a quarterly basis; less or plus
- (13) Any other applicable gas cost adjustments

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**RATE SCHEDULE "GSR"**

**GAS SALES SERVICE RATES  
(Continued)**

**OVERALL METHODOLOGY (Continued)**

A Demand Rate will be determined by dividing the total firm fixed cost components by the firm peak day capacity requirements. A Commodity Rate will be determined by dividing the total firm commodity cost components by total firm consumption for the respective determination period.

**ALLOCATION TO RESPECTIVE FIRM RATE SCHEDULES**

Rate Schedule HLFS – High Load Factor Service will be charged a single gas cost rate per Ccf based on the combination of a weighted average Demand and Commodity Rate developed on an overall seventy-one and fifty-seven one hundredths percent (71.57%) load factor for the customer class with the overall system weighted average gas cost rate. The purchased gas costs will be allocated to this Rate Schedule based on its annual consumption for the projected period.

Rate Schedule GLO, GLR – The Gas Lighting Services will be charged the weighted average Demand and Commodity Rates through a single gas cost rate per Ccf based on a one hundred percent (100%) load factor. The purchased gas costs will be allocated to this Rate Schedule based on its annual consumption for the projected period.

Rate Schedule RS-1, ERS-1, RS-2, ERS-2, GS, EGS, MVS, EMVS, LVS – These rate schedules will be assigned the remaining firm purchased gas costs after the firm purchased gas costs have been allocated to the above mentioned Rate Schedules less the portion of any shared margins resulting from capacity release, or off-system sales. These Rate Schedules will be charged a single gas cost rate per Ccf. This rate will reflect the sum of the projected demand and commodity costs for these classes divided by the sum of their annual consumption for the projected period.

**MARGIN SHARING**

Margins as used herein for off system sales means revenues less: (a) associated gas costs and (b) any applicable taxes based on gross receipts. Margins as used herein for capacity release means revenues less any applicable taxes based on gross receipts. As used in this Tariff, the term "Shared Margins" means off system sales margins, and upstream capacity release margins.

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**RATE SCHEDULE "GSR"**

**GAS SALES SERVICE RATES  
(Continued)**

**MARGIN SHARING (Continued)**

During the over/under period, the Company shall retain twenty percent (20%) and the firm customers, as described above, will receive eighty percent (80%) of all Shared Margins resulting from off-system sales. Additionally, during the over/under period, the Company shall retain ten percent (10%) and the firm customers, as described above, will receive ninety percent (90%) of all Shared Margins resulting from upstream capacity release transactions.

**UNACCOUNTED FOR GAS INCENTIVE MECHANISM**

The Unaccounted For Gas Incentive Mechanism was originally approved by the Commission on an experimental basis for the following three (3) consecutive twelve (12) month ending periods: August 31, 1993, 1994 and 1995. The Commission reviewed the Incentive Mechanism and determined it should be continued beyond the initial three (3) year period by Order No. 4189 in PSC Docket No. 95-206F.

**DEFINITIONS**

The terms utilized in the Unaccounted For Gas Incentive Mechanism shall have the following meanings:

1. Unaccounted For Gas shall be defined as the difference between total gas sales, billed and unbilled, and total gas send-out, exclusive of Company-use gas and pressure compensated gas volumes.
2. The Unaccounted For Gas Target (UFG-T) shall be three and two tenths percent (3.20%) of total gas sendout or total gas requirements.
3. The Dead Band shall mean +/- one-half percent (0.5%) around the three and two tenths percent (3.20%) UFG-T. Unaccounted For Gas volumes which are within two and seven tenths percent (2.70%) to three and seven tenths percent (3.70%) of total gas sendout will be considered to be within the "dead band". Unaccounted For Gas volumes within the dead band will be regarded as meeting the objectives of this mechanism.

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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**RATE SCHEDULE "GSR"**

**GAS SALES SERVICE RATES  
(Continued)**

**PROCESS**

The Company, as part of its annual Gas Sales Service Rate filing in September, will provide the actual Unaccounted For Gas volumes and total gas sendout for the preceding twelve (12) month period, ended July 31, in order that the Unaccounted For Gas can be expressed as a percentage of total gas sendout. This percentage will be compared to the target percentage of three and two tenths percent (3.20%) with a range of plus or minus one-half percent (+/-0.5%) by the Public Service Commission of Delaware Staff. The Staff will review the actual Unaccounted For Gas volumes on an annual basis and review the Delaware Division's performance under this mechanism in the next base rate proceeding.

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**Issue Date: December 20, 2016**

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**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**TRANSPORTATION AND BALANCING RIDER  
GENERAL TERMS AND CONDITIONS**

**1 GENERAL**

- 1.1 Transportation service is available to commercial and industrial Customers having consumption equal to, or greater than, 30,000 CCF per year. For purposes of meeting the 30,000 CCF threshold, a Customer may aggregate consumption from accounts it holds for meters located on contiguous properties. This service provides the Customer with the ability to purchase their own Gas supply (Customer-owned Gas) and transport, or have transported, such Gas to the Company's distribution system. Transportation service consists of the following components with associated charges: (a) the transportation of the Customer-owned Gas through pipeline systems upstream of the Company, including the interstate pipeline system of Eastern Shore Natural Gas Company (ESNG), (b) the transportation of the Customer-owned Gas through the Company's distribution system to the Company's installed meter, (c) balancing the difference between the Volume of Gas provided by the Customer and the Volume of Gas actually consumed by the Customer on a daily basis, and (d) the resolution of imbalances created by the difference between the Volume of Gas the Customer provided and the Volume of Gas the Customer consumed which may exist at the end of a billing Month. Customers utilizing transportation service will be billed for delivery service, balancing service, Capacity, a one-time transition charge (or credit) for under (or over) collection of gas costs from prior periods, and other charges applicable for the rate schedule under which they are served.
- 1.2 Once approved for transportation service it is necessary for the Customer to execute a firm contract(s) with a Qualified Supplier of Natural Gas and other entities, if necessary, to ensure the firm transportation of such Gas to the Point(s) of Receipt. The Customer is required to notify the Company of the name of its Qualified Supplier prior to the fifteenth (15th) calendar day of the Month preceding the Month for which transportation will commence.

**2 DEFINITIONS**

*Agent:* An entity authorized to act on behalf of the Customer, more specifically defined in Section 10 of this Transportation and Balancing Rider.

*British Thermal Unit:* The amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit at 60 degrees Fahrenheit.

*Broker:* An entity or individual that acts as an intermediary in the sale and purchase of Gas but does not take title to Gas. A Broker can be an Agent.

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**Issue Date: December 20, 2016**

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*Capacity:* The physical space, in dekatherms (DTs), provided by a pipeline for a fixed monthly reservation charge which gives a shipper the right to transport up to a maximum daily Quantity of Gas between defined points on the pipeline's system.

*CCF:* One hundred (100) cubic feet of Gas.

*CCT:* Central Clock Time, which includes the recognition of Daylight Savings Time.

*Customer:* For the purposes of this Transportation and Balancing Rider, Customer shall mean an individual Customer as defined in the Section 16.1 of the Rules and Regulations of this tariff or the aggregation of Customer accounts of one or more contiguous meters in a specific geographic location for the purpose of transporting their own Gas through the Company's distribution system.

*Customer-owned Gas:* Gas to which the Customer has title clear of any liens and encumbrances.

*Daily Contract Quantity (DCQ):* The monthly Quantity of Gas scheduled by the Customer to be delivered to the Company's distribution system each Day of the Month, which has been adjusted to account for the Shrinkage Factor.

*Flowing Gas:* Gas flowing through a pipeline or distribution system excluding Gas taken out of storage.

*Gas or Natural Gas:* Processed or unprocessed natural gas, vaporized liquid natural gas, synthetic gas, gas from coal seams or any mixture of these gases.

*Gas Day or Day:* A period of twenty-four (24) consecutive hours, beginning at nine o'clock (9:00) a.m. Central Clock Time (CCT).

*Imbalance:* Any difference between the Volume of Gas provided by the Customer and the Volume of Gas consumed by the Customer. Nominations are adjusted for thermal content and shrinkage to determine the Volume of Gas provided by the Customer.

*Marketer:* An entity that purchases and takes title to Gas as an intermediary for sale to a Customer. A Marketer can be an Agent.

*MCF:* One thousand (1,000) cubic feet of gas.

*Month:* The period beginning at nine o'clock (9:00) a.m. CCT or the hour otherwise agreed upon by the Customer and the Company on the first Day of the calendar month and ending at the same hour on the first Day of the next succeeding calendar month.

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**Authorization: Order 8752 in PSC Docket No. 13-383 dated July 21, 2015**

*Nomination:* The Quantity of Gas, adjusted by the Shrinkage Factor, that the Customer is delivering, or having delivered on its behalf, to a Point(s) of Receipt in the electronic format as provided by the Company.

*Point(s) of Delivery:* The point(s) at the connection at which the Gas leaves the facilities of the Company and enters the downstream facilities of the Customer.

*Point(s) of Receipt:* The point(s) at the connection at which the Gas enters the facilities of the Company and leaves the facilities of ESNG.

*Qualified Supplier:* An entity that has met all qualification requirements as stated in Rate Schedule "SUP", and is deemed capable of holding title to the Gas, and causing it to be delivered to the upstream pipeline interconnect on behalf of the customer.

*Quantity of Gas:* The Volume of Gas adjusted by the Thermal Factor and expressed in dekatherms, unless otherwise specified.

*Replacement Shipper:* An entity that takes title to Capacity upstream of the Company's distribution system under the terms of the interstate pipeline's tariff.

*Shrinkage Factor:* A percentage applied to a Nomination to adjust for Gas lost and unaccounted-for within the Company's distribution system. The Shrinkage Factor shall be determined annually and will be the five-year average.

*Summer Peaking Customer:* A Customer whose lowest DCQ from November to March does not exceed ten percent (10%) of its highest DCQ for the Year.

*Thermal Factor:* The amount of British Thermal Units in one MCF of Natural Gas divided by one million. The thermal factor for converting between DT and MCF shall be 1.035 unless otherwise specified by the Company.

*Volume of Gas:* The number of units of Gas expressed in cubic feet, unless otherwise specified.

*Year:* A period of three hundred sixty-five (365) consecutive Days; provided, however, that any such Year which contains a date of February 29th shall consist of three hundred sixty-six (366) consecutive Days.

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**3 REQUEST FOR TRANSPORTATION SERVICE**

Each prospective transportation Customer, or existing transportation Customer seeking enrollment of a new meter, must submit a completed application on the standard form provided by the Company no later than the first (1<sup>st</sup>) calendar day of the Month preceding the Month in which the transportation service will commence. Service will be provided by the Company based upon the established criteria referenced within the Customer's applicable rate schedule, available capacity and the Customer providing suitable Gas to the Point(s) of Receipt.

**4 CONTRACT FOR SERVICE**

A Service Agreement with an initial term of one Year must be executed by each Applicant as a condition of receiving transportation service. The Service Agreement shall specify the date on which service is to begin, Point(s) of Receipt and Point(s) of Delivery, the rate schedule(s) under which service is to be provided and other conditions of receipt by the Company and delivery to the Customer. Transportation of Gas will not begin until a fully executed Service Agreement is completed. Service Agreements must be renewed annually, and received by the Company no later than the fifteenth (15<sup>th</sup>) calendar day of the Month preceding the Month of renewal in order for the customer to continue participating in the transportation program without an interruption of service. The Company may waive the annual renewal requirement at its discretion.

**5 GAS TO BE TRANSPORTED BY THE COMPANY**

The Customer is responsible for making all arrangements necessary for transporting the Gas to a Point(s) of Receipt in compliance with pressure requirements established by the Company or any upstream pipeline for such Point(s) of Receipt. Gas received for one Customer will be commingled with the Gas of other customers and suppliers. Gas transported by the Company shall be and remain the property of the Customer.

**6 QUALITY OF GAS**

Gas received by the Company for the account of the Customer shall be Natural Gas conforming to the quality specifications as provided for in the General Terms and Conditions of the tariff of the pipeline that is interconnected to the Company's distribution system. Any Gas entering the Company's system at a Point(s) of Receipt that is not an interconnection with an interstate pipeline must also meet the "pipeline quality" standard set forth above.

**7 TITLE TO GAS**

The Customer must have good title to all the Gas that enters the Company's distribution system for transportation to a Point(s) of Delivery. Such title shall be free and clear of all liens, encumbrances, and claims whatsoever. The Customer agrees to indemnify and hold the Company harmless against any loss or cost incurred by the Company on account of liens, encumbrances or claims resulting from any possession or transportation by the Company.

**8 LIABILITY**

The Company shall not be liable for any loss to the Customer arising from or out of transportation service under any rate schedule, including loss of gas in the possession of the Company. The Company makes no guarantee against and assumes no liability for interruptions of service.

**9 METERING AND ASSOCIATED EQUIPMENT**

Transportation service of Customer-owned Gas to the Point(s) of Delivery is not expected to require any special metering or communication equipment in excess of what would be needed to provide regular delivery and standard Gas sales service. However, there may be situations which will require knowledge of daily usage by transportation Customers that will require additional equipment. If any additional metering or communication equipment is required to provide transportation service, the Customer will reimburse the Company for such equipment and its installation. The Customer shall provide any electrical supply or phone line needed for the operation of any additional equipment. As referenced in Section 11.2 of the Rules and Regulations of this Tariff, remote reading will be utilized for customers with consumption greater than 100,000 annual CCF.

**10 AGENTS ACTING ON BEHALF OF THE CUSTOMER**

A Customer may use the services of an Agent to act on its behalf for the delivery of Gas to the Company's distribution system. An Agent can be a Broker, Marketer or a Qualified Supplier. All Customers are required to have a Qualified Supplier on record. If a Customer engages the use of an Agent, it is the responsibility of the Customer to notify the Company, using the standard form provided by the Company, of their designation of such Agent to conduct business on their behalf. A Customer may choose to designate an Agent in addition to their Qualified Supplier. Any notices provided to a Customer's Agent shall be deemed to have been provided to the Customer and the Company shall be held harmless from any actions taken by the Agent.

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**11 COMPANY AS AGENT**

The Company may act as Agent for a Customer in securing and transporting Gas supply to a Point(s) of Receipt. The Company shall not be responsible for charges incurred on behalf of the Customer, nor for the performance, non-performance or continued availability of any pipeline or other services. The charges for this service shall be determined by negotiation between the Company and the Customer.

**12 DETERMINATION OF DAILY CONTRACT QUANTITY**

12.1 A Daily Contract Quantity (DCQ) for each Month for the following twelve (12) month period shall be calculated annually by the Company based on usage during the previous three Years, if available. Previous usage shall be adjusted for normal weather in a matter determined by the Company. The Customer will be obligated to have the DCQ delivered each Day of the Month to the agreed upon Point(s) of Receipt.

12.2 The Company may approve adjustments to the Monthly DCQs on an ongoing basis due to changes in a Customer's Gas equipment, pattern of usage, or any other information affecting demand that is deemed reliable by the Company. To be considered, such information must be provided to the Company in writing from the Customer or the Customer's Agent.

12.3 The Company considers DCQ information to be confidential and proprietary data for the Customer. The Company will only provide usage data to the Customer or the Customer's Agent. If a Customer wishes to authorize a third party to have access to such data the Company must receive a written letter of authorization, on the Customer's official letterhead, and signed by the authority referenced as a contact under the Customer's account information.

12.4 The Company will not provide DCQ information to multiple third parties simultaneously. If multiple parties are requesting DCQ information for the same Customer, the Company will provide that data directly to the Customer or to one Agent for such Customer.

**13 NOMINATIONS AND SCHEDULING**

13.1 A Customer's DCQ will be considered their daily Nomination. The Company shall require from either the Customer or the Customer's Agent on record a signed DCQ Nomination form. The Nomination form must be received by the Company via mail, electronic mail, or facsimile transmission no later than the fifteenth (15<sup>th</sup>) calendar day of the Month prior to the first Day of the Month in which transportation service begins, and annually on that date thereafter. If the nomination cannot be confirmed with the delivering pipeline(s) or other source(s), the nomination will be rejected.

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- 13.2 Upon receipt of a completed and properly executed DCQ Nomination form by the Company, the Company will release upstream ESNG transportation Capacity to the Customer, or the Customer's Agent on record, to facilitate the transportation of Gas to the Point(s) of Receipt.
- a. The Customer, or Customer's Agent on record, as the recipient of released Capacity becomes the Replacement Shipper with respect to ESNG.
  - b. For all Customers other than Summer Peaking Customers, the amount of ESNG Capacity to be released will be equal to the highest DCQ within the twelve (12) Months of DCQs calculated.
  - c. For Summer Peaking Customers, the amount of ESNG Capacity to be released will be equal to the monthly calculated DCQ.
  - d. ESNG will invoice the Replacement Shipper for all pipeline Capacity and commodity charges associated with the released Capacity.
- 13.3 Upon the release of Capacity, the Customer, or their Agent on record, shall be responsible for scheduling their DCQ Nomination Quantity on ESNG for the ultimate delivery to the designated Point(s) of Receipt.
- 13.4 Any variance between the Nomination Quantity and the approved DCQ will be subject to a balancing penalty of \$30.00 per DT. Such penalty shall be paid by the Customer in addition to the cost of Gas supply used to serve the customer.
- 13.5 In the event that changes to existing DCQ's, as referenced in section 12.2, are approved, the Customer is required to resubmit their DCQ nomination sheet by the deadline stated in section 13.1.

#### **14 FIRM BALANCING SERVICE**

- 14.1 Balancing the difference between the Customer's nominated DCQ and the Volume of Gas consumed by the Customer is performed daily by the Company on a firm basis. The Company will charge a Firm Balancing Service Rate pursuant to the applicable rate schedule under which service is provided.
- 14.2 Any Imbalance for a billing month will be reconciled (*i.e.*, "cashed-in" or "cashed-out") at the Company's weighted average cost at the city gate for Flowing Gas for the calendar month in which most of the billing month occurs. Estimated costs will be used based on nominations made by the Company when the applicable calendar month is not completed before billing the Customer.
- 14.3 For the purposes of Company invoicing, nominated Quantities of Gas shall be converted to CCF using the Thermal Factor and reduced by the Shrinkage Factor to determine the volume actually delivered to the Point(s) of Delivery.

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**Authorization: Order 8752 in PSC Docket No. 13-383 dated July 21, 2015**

**15 INTERRUPTIBLE BALANCING SERVICE**

- 15.1 Balancing between the Customer's DCQ and the Volume of Gas consumed by the Customer is performed daily by the Company on an interruptible basis. Imbalances between the Volume of Gas provided by the Customer and the Volume of Gas consumed by the Customer for a billing Month will be cashed-in or cashed-out at the Company's weighted average cost at the city gate for Flowing Gas for the calendar Month in which most of the billing month occurs. Estimated costs will be used based on Nominations made by the Company when the applicable calendar month is not completed before billing the Customer.
- 15.2 The Customer is expected to cease using Gas if the Customer's supply is interrupted. When a supply interruption occurs the Customer must notify the Company immediately upon interruption and upon resumption of supply. During the interruption period the Customer's DCQ will be set to zero for purposes of calculating daily shortfalls and monthly imbalances. Using Gas during a period of supply interruption will subject the Customer to the same penalty rate specified in the interruptible rate schedule for failure to interrupt service unless the Company is not interrupting customers and has Gas supply available. In the later case, the fee specified in 15.3, below, will apply to Gas used during the Customer's supply interruption unless the Customer schedules another service from the Company.
- 15.3 If the Customer, or the Customer's Qualified Supplier, fails to supply the DCQ on any Gas day the Customer shall be billed a fee of \$30.00 per DT for the difference between the DCQ Nomination, which is in DTs, and the Volume actually supplied by the Customer. Such penalty is in addition to any cash-in or cash-out price paid by the Customer for monthly imbalances.
- 15.4 On a daily basis, the Company, in its sole discretion, may limit Customer usage to the Volume of Customer-owned Gas that is delivered to the Company's distribution system.
- 15.5 When the Company interrupts the delivery of Customer-owned Gas to an Interruptible Transportation Customer for distribution system reasons any monthly imbalance up to the total DCQ Volumes delivered to the Company's distribution system by such Interruptible Transportation Customer during the period of interruption will be purchased by the Company at the Customer's cost or the otherwise effective cash-in or cash-out price, whichever is greater.

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**16 OPERATIONAL FLOW ORDER**

At any time that Customer-owned Gas, in the sole judgment of the Company, adversely impacts the Company's distribution system or its ability to serve firm Customers, the Company may issue an Operational Flow Order and refuse to accept Customer-owned Gas at the Point(s) of Receipt or require the Customer to adjust its Nominations up or down. Operational Flow Orders will be issued by the Company eight (8) hours in advance of implementation, unless exigent circumstances dictate a shorter notice period.

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**RATE SCHEDULE "SUP"**

**GAS SUPPLIER REQUIREMENTS**

**AVAILABILITY**

The requirements under this Schedule apply to Qualified Suppliers that contract with a Customer to deliver the Customer's Daily Contract Quantity (DCQ) to the Point(s) of Receipt under the General Terms and Conditions of the Transportation and Balancing Rider. To become a Qualified Supplier, a supplier must submit a completed application on the Company's standard form to provide service to Customers under this Schedule and must satisfy the Company's credit requirements set forth below.

**RESPONSIBILITY FOR GAS DELIVERY**

The Qualified Supplier shall provide the necessary Gas supply to facilitate Nomination and delivery of the Customer's DCQ in accordance with the General Terms and Conditions of the Transportation and Balancing Rider. If the Qualified Supplier has more than one Customer, and has become a Replacement Shipper on behalf of the Customer(s), a Nomination which is the sum for more than one Customer will be made on interstate pipelines upstream of the Company's distribution system but the Quantity of Gas for each Customer must be identified on the Nomination to the Company. Failure to deliver the required Quantity of Gas will make the Qualified Supplier subject to penalties as stated in the General Terms and Conditions of the Transportation and Balancing Rider. If the Qualified Supplier fails to pay any penalties, the Customer for whom the Qualified Supplier is delivering Gas shall be responsible for payment of such penalties.

**CREDITWORTHINESS**

To become a Qualified Supplier, the supplier must demonstrate to the Company's satisfaction that it has met and continues to meet the creditworthiness criteria of at least one non-affiliated interstate pipeline that delivers Natural Gas to the Company's city gate or to an interstate pipeline that is connected to Eastern Shore Natural Gas. Upon notification by the Company that the supplier no longer satisfies the credit criteria or has failed to timely pay any bill rendered under this Schedule, the supplier is disqualified until such time as satisfactory evidence is provided by the supplier that the supplier's overall financial condition again meets the Company's credit criteria or an acceptable credit enhancement, including but not limited to a cash deposit, letters of credit or surety bonds, is furnished to the Company.

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**TAXES**

Any applicable taxes including, but not limited to, the Public Utilities Tax will be added to all charges.

**PAYMENT TERMS**

Bills are due within twenty (20) calendar days of their date.

**LIABILITY LIMITS**

The Company shall not be liable for any loss, cost, damage or expense occasioned by the calculation of the DCQ. The Qualified Supplier shall warrant that, at the time of delivery of Gas to the Point(s) of Receipt, it will have good title to deliver all Gas Quantities. The Company shall have no liability with respect to any Gas prior to its delivery to the Point(s) of Receipt or after its delivery to the Point(s) of Delivery.

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**RATE SCHEDULE "ER"**

**ENVIRONMENTAL RIDER**

**PURPOSE**

The purpose of this rider is to recover reasonable environmental costs associated with cleaning up former manufactured gas plants (MGP). Applicable environmental costs are those incurred as a result of, but not limited to, investigation, testing, monitoring, remediation (including remediation of the groundwater), land acquisition, and legal costs relating to former MGP sites, disposal sites, or sites to which material may have migrated as a result of the earlier operation and/or decommissioning of MGPs. Environmental costs expended will be offset by any payments related to these costs received by the Company from insurance proceeds or from another party. Environmental costs shall not include expenses incurred in connection with litigation by third parties claiming personal injury or by third parties claiming damage to their property as a result of the operation or decommissioning of MGPs or as a result of the migration of materials from MGP sites.

**APPLICABILITY**

The environmental rider will be applicable to all firm Delivery Service customers.

**OPERATION OF THE RIDER**

The Company will file with the Commission a copy of the environmental rider computation at least 30 days prior to the proposed effective date, which will be each December 1.

The calculation filed will be supported by all bills and receipts relating to the amount of any environmental costs incurred in the preceding Environmental Cost Year for which the Company seeks to begin recovery. In the same filing, the Company shall include similar material and information to support any expenses and/or recoveries resulting from Third Party claims. The Company shall also submit in its annual filing a projection of environmental costs for the following Environmental Cost Year based on the best information available at the time of filing.

**RATE**

The rate for the rider effective December 1, 2016 is \$0.0002 per Ccf.

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**Issue Date: November 1, 2016**

**Effective Date: December 1, 2016 – Temporary Basis**

**Authorization: Order No. 8985 dated December 1, 2016 in PSC Docket No. 16-1032**

**RATE SCHEDULE "ER"**

**ENVIRONMENTAL RIDER  
(Continued)**

**DETERMINATION OF RATE**

The rider shall be comprised of an amortization factor and a reconciliation factor as follows:

- (1) Amortization Factor: Recovery of net environmental costs incurred during an Environmental Cost Year will be accomplished through a five (5) year amortization, offset by the tax benefit associated with those environmental costs as defined below. A net annual amortization amount will be calculated for each of the five (5) years of amortization scheduled for the Environmental Cost Year. The amortization factor for any year will be comprised of the total net annual amount scheduled for that year.
- (2) Reconciliation Factor: The reconciliation factor shall be equal to the over/under collection of the environmental cost rider. Over/under collection is the accumulated experienced net over or under recovery of the environmental costs during the twelve (12) month period ending with the month of August immediately preceding the beginning of the next Recovery Year.
- (3) Rider Rate: The rider rate shall be equal to the sum of the amortization and reconciliation factors divided by projected firm sales over the next recovery period of December 1 through November 30. The rate shall be rounded to four (4) decimal places per Ccf.

**DEFINITIONS**

- (1) Environmental Cost Year is the time period over which environmental costs are incurred and any payments from other parties are netted against the costs. For purposes of this rider, the Environmental Cost Year will be from October 1 through September 30. The Environmental Cost Year will include actual data recorded for the year. Recovery of environmental costs for an Environmental Cost Year will begin with the Recovery Year that starts immediately following the end of the Environmental Cost Year.
- (2) Recovery Year is each December 1 through November 30 and is the time period over which the annually calculated environmental rider rate will be billed to firm customers.

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**Issue Date:** December 20, 2016

**Effective Date:** January 1, 2017

**Authorization:** Order No. 8982 dated December 20, 2016 in Docket No. 15-1734

**RATE SCHEDULE "ER"**

**ENVIRONMENTAL RIDER  
(Continued)**

**DEFINITIONS (Continued)**

- (3) Tax benefit (TB) associated with environmental expenditures shall be calculated as follows:

$$T_{bn} = AEC_n * [5-x]/5 * .1306 * .39742$$

where:

AEC<sub>n</sub> = Actual Environmental Costs incurred in Environmental Cost Year "n"

x = The number of years that the Actual Environmental Costs (AEC) incurred in Year "n" have been subject to amortization (x = 1, 2, 3, and 4)

.1306 = Before Tax Cost Rate

.39742 = Effective Combined Federal and State Income Tax Rate.

The Before Tax Cost Rate of .1306 and the Effective Combined Federal and State Income Tax Rate of .39742 are the rates at the time of implementation of this rider and are subject to change. Any change in the Before Tax Cost Rate will be implemented starting when the next Rider Rate is calculated for the next Recovery Year. Any change in the Effective Combined Federal and State Income Tax Rate will be implemented starting with the recovery calculation for next Environmental Cost Year that ends after the rate changes.

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**Issue Date: September 2, 2008**

**Effective Date: For Bills Rendered on and after September 3, 2008**

**Authorization: Order No. 7434 dated September 2, 2008 in PSC Docket No. 07-186**

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**MISCELLANEOUS CUSTOMER CHARGES**

**1 CONNECTION CHARGE**

Each Applicant for gas service shall pay to the Company a Connection Charge of thirty-five dollars (\$35) before gas service is activated by the Company at the Customer's premises. Such Connection Charge shall not be collected from builders or other contractors activating gas service during the construction of a premises prior to occupation by the Company's customer of record.

**2 RECONNECTION CHARGE**

Whenever a Customer's gas is turned off at Customer's request, or Customer's meter disconnected by reason of non-compliance with these Rules and Regulations or orders of the Public Service Commission of Delaware, a Reconnection Charge of thirty five dollars (\$35) must be paid and other satisfactory arrangements made with the Company prior to 3:00p.m. of a normal business day before the account is reactivated and gas service reconnected by the end of the next business day.

**3 AFTER HOURS SERVICE CONNECTION OR RECONNECTION CHARGE**

If the Customer desires that the initial gas service connection or gas service reconnection following disconnection by the Company for any reason, be completed on the same day as the request is received by Company or outside the Company's normal business hours, such After Hours Reconnection may be performed, subject to the availability of Company personnel. The After Hours Connection or Reconnection Charge shall be sixty dollars (\$60).

**4 SEASONAL RECONNECTION CHARGE**

Whenever a residential Customer's gas is turned off or Customer's meter disconnected by the Company at Customer's request and the account placed on inactive status, and such account is reactivated by the same Customer no less than thirty (30) days and no more than one hundred eighty (180) days from the date of the disconnect, a Seasonal Reconnection Charge equal to the monthly Customer Charge in the Customer's applicable Rate Schedule for each month the account was inactive, plus the Reconnection Charge provided in 2 (above), shall be paid. Such payment, along with other satisfactory arrangements for reconnection, shall be made with the Company for reconnection the following normal business day.

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**Issue Date: December 20, 2016**

**Effective Date: January 1, 2017**

**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**MISCELLANEOUS CUSTOMER CHARGES (Continued)**

**5 FIELD COLLECTION CHARGE**

Service interruptions may be avoided by paying the overdue amount prior to the past due date of the gas bill, or by paying the overdue amount plus a collection fee of seventeen dollars (\$17) to the Company or an authorized agent of the Company.

**6 RETURNED PAYMENT CHARGE**

Payment for Services provided under this Tariff, Customer deposits, or other Tariff charges which are returned unpaid by the Customer's bank or other financial institution shall result in an additional charge of twenty dollars (\$20) per occurrence, and will be charged against the Customer's account. Failure to pay the full amount of the bill including the Returned Payment Charge may result in discontinuance of the Customer's service. After the second returned payment the Company reserves the right to notify the Customer that an alternate payment method (other than a personal check or bank debit) will be required for payment of the Company's bill statements.

**7 CHANGE OF ACCOUNT CHARGE**

If the change of occupants in a premise with existing gas service occurs without a physical service disconnection, a Change of Account may occur. The Company shall bill to the applicant a Change of Account Charge in the amount of seventeen dollars (\$17).

**8 FAILED TRIP CHARGE**

In the event a Customer, or other entity, requesting service from the Company that requires a field visit to a premise, fails to keep a scheduled appointment with the Company's employee at said premises to provide a service requested by the Customer, the Customer shall pay a Failed Trip Charge of thirty-five dollars (\$35).

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**Issue Date: December 20, 2016**

**Effective Date: January 1, 2017**

**Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734**

**RATE SCHEDULE "TSFF"**

**TOWN OF SMYRNA FRANCHISE FEE RIDER**

**PURPOSE**

The purpose of this rider is to recover the Town of Smyrna franchise fee, from all customers within the limits of the Town of Smyrna in accordance with the Franchise Agreement between the Company and the Town of Smyrna. This franchise fee will be in effect until December 31, 2029.

**APPLICABILITY**

The Town of Smyrna Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the Town of Smyrna.

**RATE**

The rate applicable to all Delivery Service throughput is \$.0181 per Ccf.

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**Issue Date: April 17, 2015**

**Effective Date: For Bills Rendered on and after June 3, 2015**

**Authorization: Order No. 8745 dated June 2, 2015 in PSC Docket No. 15-0950**



**RATE SCHEDULE "CMFF"  
CITY OF MILFORD FRANCHISE FEE RIDER**

**PURPOSE**

The purpose of this rider is to recover the City of Milford franchise fee, from all customers within the limits of the City of Milford in accordance with the Franchise Agreement between the Company and the City of Milford. This franchise fee will be in effect until June 27, 2019.

**APPLICABILITY**

The City of Milford Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the City of Milford, excluding those customers from whom the Company is prohibited by law from collecting said surcharge.

**RATE**

The rate applicable to all Delivery Service throughput is \$0.010 per Ccf.

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**Issue Date: September 2, 2008**

**Effective Date: For Bills Rendered on and after September 3, 2008**

**Authorization: Order No. 7434 dated September 2, 2008 in PSC Docket No. 07-186**



**RATE SCHEDULE "TGFF"**

**TOWN OF GEORGETOWN FRANCHISE FEE RIDER**

**PURPOSE**

The purpose of this rider is to recover the Town of Georgetown franchise fee, from all customers within the limits of the Town of Georgetown in accordance with the Franchise Agreement between the Company and the Town of Georgetown. This franchise fee will be in effect until June 27, 2021.

**APPLICABILITY**

The Town of Georgetown Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the Town of Georgetown, excluding those customers from whom the Company is prohibited by law from collecting said surcharge.

**RATE**

The rate applicable to all Delivery Service throughput is \$0.010 per Ccf.

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**Issue Date: September 2, 2008**

**Effective Date: For Bills Rendered on and after September 3, 2008**

**Authorization: Order No. 7434 dated September 2, 2008 in PSC Docket No. 07-186**

**RATE SCHEDULE "MBFF"  
TOWN OF MILLSBORO FRANCHISE FEE RIDER**

**PURPOSE**

The purpose of this rider is to recover the Town of Millsboro franchise fee, from all customers within the limits of the Town of Millsboro in accordance with the Franchise Agreement between the Company and the Town of Millsboro. This franchise fee will be in effect until September 4, 2021.

**APPLICABILITY**

The Town of Millsboro Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the Town of Millsboro, excluding those customers from whom the Company is prohibited by law from collecting said surcharge.

**RATE**

The rate applicable to all Delivery Service throughput is \$0.0181 per Ccf.

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**Issue Date: September 2, 2008**

**Effective Date: For Bills Rendered on and after September 3, 2008**

**Authorization: Order No. 7434 dated September 2, 2008 in PSC Docket No. 07-186**

**RATE SCHEDULE "MTFF"**

**TOWN OF MILTON FRANCHISE FEE RIDER**

**PURPOSE**

The purpose of this rider is to recover the Town of Milton franchise fee, from all customers within the limits of the Town of Milton in accordance with the Franchise Agreement between the Company and the Town of Milton. This franchise fee will be in effect until January 7, 2032.

**APPLICABILITY**

The Town of Milton Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the Town of Milton, excluding those customers from whom the Company is prohibited by law from collecting said surcharge.

**RATE**

The rate applicable to all Delivery Service throughput is \$0.0181 per Ccf.

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**Issue Date: December 2, 2008**

**Effective Date: For Bills Rendered On And After February 1, 2009**

**Authorization: Order No. 7520 dated January 29, 2009 in PSC Docket No. 08-412T**

**RATE SCHEDULE "SFFF"**

**CITY OF SEAFORD FRANCHISE FEE RIDER**

**PURPOSE**

The purpose of this rider is to recover the City of Seaford franchise fee, from all customers within the limits of the City of Seaford in accordance with the Franchise Agreement between the Company and the City of Seaford. This franchise fee will be in effect until June 23, 2033.

**APPLICABILITY**

The City of Seaford Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the City of Seaford, excluding those customers from whom the Company is prohibited by law from collecting said surcharge.

**RATE**

The rate applicable to all Delivery Service throughput is \$0.0181 per Ccf.

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**Issue Date: December 2, 2008**

**Effective Date: For Bills Rendered On And After February 1, 2009**

**Authorization: Order No. 7519 dated January 29, 2009 in PSC Docket No. 08-411T**

**RATE SCHEDULE "DBFF"**

**TOWN OF DAGSBORO FRANCHISE FEE RIDER**

**PURPOSE**

The purpose of this rider is to recover the Town of Dagsboro franchise fee, from all customers within the limits of the Town of Dagsboro in accordance with the Franchise Agreement between the Company and the Town of Dagsboro. This franchise fee will be in effect until December 20, 2022.

**APPLICABILITY**

The Town of Dagsboro Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the Town of Dagsboro, excluding those customers from whom the Company is prohibited by law from collecting said surcharge.

**RATE**

The rate applicable to all Delivery Service throughput is \$0.0181 per Ccf.

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**Issue Date: September 19, 2011**

**Effective Date: For Bills Rendered On And After November 19, 2011**

**Authorization: Order No. 8070 in PSC Docket No. 11-400T dated November 8, 2011**

**RATE SCHEDULE "CLFF"**

**CITY OF LEWES FRANCHISE FEE RIDER**

**PURPOSE**

The purpose of this rider is to recover the City of Lewes franchise fee, from all customers within the limits of the City of Lewes in accordance with the Franchise Agreement between the Company and the City of Lewes. This franchise fee will be in effect until September 11, 2031.

**APPLICABILITY**

The City of Lewes Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the City of Lewes, excluding those customers from whom the Company is prohibited by law from collecting said surcharge.

**RATE**

The rate applicable to all Delivery Service throughput is \$0.0181 per Ccf.

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**Issue Date: September 19, 2011**

**Effective Date: For Bills Rendered On And After November 19, 2011**

**Authorization: Order No. 8071 in PSC Docket No. 11-401T dated November 8, 2011**

**RATE SCHEDULE "SBFF"**

**TOWN OF SELBYVILLE FRANCHISE FEE RIDER**

**PURPOSE**

The purpose of this rider is to recover the Town of Selbyville franchise fee, from all customers within the limits of the Town of Selbyville in accordance with the Franchise Agreement between the Company and the Town of Selbyville. This franchise fee will be in effect until June 11, 2027.

**APPLICABILITY**

The Town of Selbyville Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the Town of Selbyville, excluding those customers from whom the Company is prohibited by law from collecting said surcharge.

**RATE**

The rate applicable to all Delivery Service throughput is \$0.0181 per Ccf.

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**Issue Date: June 18, 2012**

**Effective Date: For Bills Rendered On And After August 20, 2012**

**Authorization: Order No. 8195 in PSC Docket No. 12-276T dated August 7, 2012**

**RATE SCHEDULE "TFFF"**

**TOWN OF FREDERICA FRANCHISE FEE RIDER**

**PURPOSE**

The purpose of this rider is to recover the Town of Frederica franchise fee, from all customers within the limits of the Town of Frederica in accordance with the Franchise Agreement between the Company and the Town of Frederica.

**APPLICABILITY**

The Town of Frederica Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the Town of Frederica, excluding those customers from whom the Company is prohibited by law from collecting said surcharge.

**RATE**

The rate applicable to all Delivery Service throughput is \$0.010 per Ccf.

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**Issue Date: October 31, 2014**

**Effective Date: For Bills Rendered On And After February 1, 2015**

**Authorization: Order No. 8697 in PSC Docket No. 14-0495 dated January 6, 2015**