

**CHESAPEAKE UTILITIES CORPORATION
MARYLAND 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 Maryland, and is posted and open for inspection at the offices of the Company. The Tariff is supplementary to the "Regulations Governing Service Supplied by Gas Corporations" 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 Maryland, 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 lawfully 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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SECTION II - CURTAILMENT

2.1 GENERAL

In the event that the Company determines that there is insufficient gas supply to meet the demands of 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.

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 customers.

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SECTION II

(Continued)

2.4 CURTAILMENT OF CUSTOMER-OWNED GAS

If adequate supply to priority essential human needs customers is threatened in the Company's judgement, Customer-owned 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 essential human needs customers, the Company will reimburse the Customer by paying an amount equal to the purchase price paid by Customer for the Customer-owned gas plus the positive difference, if any, between the purchase price paid by Customer for such Customer-owned gas and the purchase price paid by Customer for Customer's alternative fuel on an equivalent basis. In the event Customer has no alternative fuel, the Company's payment to Customer is limited to the purchase price paid by Customer for the quantity of Customer-owned gas so diverted. 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 such 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. 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 Peak day less than 1,000 cu. ft.	Residential
(2)	Non-space heating load Peak day less than 1,000 cu. ft	Commercial Industrial
(3)	Space heating load Peak day less than 2,000 cu. ft.	Residential Commercial Industrial
(4)	Dwelling Units - Home or Apartments Individually Billed Not to exceed 25 units at one location.	Residential
(5)	Dwelling Units - Home or Apartments Master Metered Not to exceed 25 units at one location	Commercial

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SECTION II
(Continued)

2.6 ADDITIONAL LOADS (continued)

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

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

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.

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 days written notice, until such additional load has been disconnected.

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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 with positive picture identification. At the option of the Office Manager and in unusual circumstances a written letter of application may be accepted.

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 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 affect unfavorably 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 service cannot be rendered.
- e) If an extension of street main, except as set forth under Section VIII - Extensions, is required to furnish such service.
- f) When it is necessary to conserve the supply of gas (See Section II - 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 6.2.
- h) Customer's failure to make such payment as may be required under Section VIII as a condition of extension of supply facilities.

3.3 ACCEPTANCE

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

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SECTION III (Continued)

3.4 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 his occupancy, as shown by the books of the Company.

3.5 CHARACTER OF GAS

The gas to be served will be natural gas with a specific gravity of approximately .6, and a minimum BTU value per cubic feet of 1,000 or such other gas as may be approved by the Public Service Commission. The Company shall have the right to supply stand-by or peak shave gas of similar characteristics when necessary.

3.6 RETURNED CHECKS

Checks given in payment for gas service, Customer deposits, or reconnection charges which are returned unpaid by the Customer's bank will result in an additional charge of twenty dollars (\$20) per check, per occurrence, and will be charged against the Customer's account. Proper notice of the returned check and the charge will be mailed by first class mail or hand delivered to the Customer by the Company. The Company will make contact with the Customer for full payment or discontinuance of service. After the second returned check the Company reserves the right to notify the Customer that it will no longer accept a personal check from this Customer.

RULES AND REGULATIONS

SECTION IV – CUSTOMER’S INSTALLATIONS

4.1 INFORMATION FROM CUSTOMER

Anyone desiring to equip his premises for the use of gas, shall communicate with the Company personally, or through his contractor or 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 Customer would be required to terminate his 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 Customer shall provide, free of expense to the Company, a space satisfactory to the Company for meters, regulators or other equipment of the Company which may be necessary for the rendering of adequate service, the Company reserving the right to establish standards 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 building shall provide and at all times maintain free of expense to the Company proper space for the Company's meters. Likewise, the Customer is warned not to 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 Customer's negligence, carelessness, or that of his servants, agents, employees, members of his household, or any person upon his premises under or by authority of his consent or sufferance.

4.5 METER CONNECTIONS

The Company will own, furnish and maintain the meter, regulator and meter connection required to measure the gas supplied to Customer, and will supply gas only through a meter furnished and owned by it. The Company must be notified when Customer desires to have meter installed, changed or removed.

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RULES AND REGULATIONS

SECTION IV (Continued)

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 install and maintain at its expense, the service line to the point of connection designated by the Company. (See 8.1 Service Connections).

4.8 ADDITIONAL SERVICE LINES

No additional tap or service lines shall be made or meter set for gas service to a garage, or other building on any lot where there already exists a service line to the residence or main building of the Customer.

4.9 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 a thoroughly safe and efficient manner.

4.10 INTERFERENCE WITH FACILITIES

The Customer shall not open, tamper or interfere with, in any manner, his service line or house piping, or with any regulators or safety appliances installed in connection with service to him, irrespective of ownership thereof.

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SECTION IV (Continued)

4.11 RESPONSIBILITY OF CUSTOMER

The Company's ownership and responsibility terminates at the meter outlet. 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 fitters to install or to make any change, alteration, addition or repair to any part of Customer's installation. The Company will not be liable for any injury or damage caused by reason of defects in any portion thereof.

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SECTION V - TESTING AND INSPECTION OF CUSTOMER'S PIPING

5.1 REQUIREMENT

Prior to the introduction of gas, service line and house piping of the Customer must be tested and inspected in accordance with Company rules.

5.2 APPLICATION FOR TESTS AND INSPECTION

Application through the Company's office for test and inspection of service lines or house piping must be made by the owner of the premises or his authorized agent, setting forth when and where the inspection is desired.

5.3 INSPECTION AND TESTING OF SERVICE LINE OR HOUSE PIPING

All service lines and house piping and any alterations, additions or renewals thereof, are to be sight inspected by a Company representative and subjected to an air or gas pressure test, before service is commenced, or in case of alterations, additions or renewals, before service is resumed to the Customer.

5.4 RESPONSIBILITY FOR MATERIAL OR WORKMANSHIP

The Company will not be responsible for any imperfect material or defective or faulty workmanship or for any loss or damage arising from such imperfect material or defective or faulty workmanship, in any job of gas fitting inspected by its inspectors, but for protection, adequacy and safety of service to its Customers, has adopted these rules and regulations, and may refuse to turn gas into any premise(s) where the gas piping does not confirm to the rules and regulations.

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SECTION VI - CREDIT

6.1 PRIOR DEBTS

Service will not be furnished to a former Customer until amounts due for gas service at a previous location have been satisfied.

6.2 DEPOSITS

Deposits to guarantee final bills for service may be required from any Customer or prospective Customer in accordance with currently applicable regulations of the Public Service Commission of Maryland.

Upon request, the Company will furnish a copy of the Commission's Deposit Rules to an applicant for service or Customer from whom a deposit is required.

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RULES AND REGULATIONS

SECTION VII - POINT OF DELIVERY OF GAS TO CUSTOMER

7.1 POINT OF DELIVERY

In all cases, the point of delivery of gas to a Customer shall be at the inlet side of the meter connection at which point title to the gas shall pass to the Customer. The use of service at two or more separate properties will not be combined for billing purposes.

SECTION VIII - EXTENSIONS

The Company will install at its expense, the service line from its main to the meter location. However, where a service pipe longer than seventy-five (75) feet in length, measured from the curb line if established, otherwise an equivalent line is required, the Customer may be required to pay for the entire costs of such excess length over seventy-five (75) feet on a cost basis.

In accordance with Federal regulations, eligible customers may request to have the Company install, at the Customer's expense, an excess flow valve (EFV) on an existing service line supplying the Customer. The charge to the Customer shall be the estimated installed cost for the EFV installation that exceeds the material cost of the EFV itself. The Company does not guarantee or warrant the operation of the EFV.

The Company will make extensions to existing mains of one hundred (100) feet per Customer without charge. Extensions beyond one hundred (100) feet to existing mains, or extensions to new developments are limited to the extent of new investment warranted by the anticipated revenues. The Company will make extensions beyond one hundred (100) feet on a cost basis. (See Rules 8.3 and 8.4)

8.3 SPECIAL EXTENSIONS

Where the business in prospect does not warrant the expenditure required to serve it, the Company will determine, from the circumstances of each case, what guarantees of revenue, or what financing, shall be required of the applicant.

8.4 EXTENSION REFUND

The Company may provide, in a written agreement with the applicant, for refunds of all, or part, of the monies advanced by an applicant in connection with an extension. Refunds to the applicant shall extend over a term of years upon such basis or conditions as may be mutually agreeable to the Company and the applicant, and specified in the written agreement.

8.5 OWNERSHIP AND MAINTENANCE

The Company shall own, maintain and renew, when necessary, its main extension, service line between its main and the inlet side of meter connection.

The Company's main, service line, service cock and curb box shall not be opened, tampered or interfered with at any time.

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SECTION IX - RIGHTS OF WAY

9.1 TERMS 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, and 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.

9.2 PROCUREMENT BY CUSTOMER

Customers applying for the construction of an extension may be required to secure to, and for, the Company, all necessary and convenient rights-of-way and to pay the cost incident thereto.

9.3 DELAYS

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

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SECTION X - INTRODUCTION OF SERVICE

10.1 CUSTOMER TO SPECIFY TIME WHEN SERVICE IS CONNECTED

As a safety precaution, the Customer, or an adult representative of the Customer, shall specify the time when gas service is to be turned on, and the Company will not turn on such service unless said Customer or adult representative so directs.

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SECTION XI - COMPANY EQUIPMENT ON CUSTOMER'S PREMISES

11.1 MAINTENANCE

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

11.2 PROTECTION BY CUSTOMER

The Customer shall protect the equipment of the Company on his 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.

11.3 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.

11.4 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 his premises shall constitute sufficient cause for turning off the gas supply to such premises.

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RULES AND REGULATIONS

SECTION XII - SELECTION OF RATE SCHEDULE

12.1 CHOICE OF RATE AND COMPANY ASSISTANCE

Where optional rate schedules are available for the same class of service, the Customer shall designate the schedule he desires. Where selection of the most favorable schedule is difficult to pre-determine, the Company will, at the request of the Customer, assist the Customer in the choice of the schedule most advantageous to the Customer. The Customer will be given reasonable opportunity to change to another schedule, but the Company shall not be required to make refunds for any previous billing under any schedule prior to the time of receipt of a written request from the Customer for a change to another schedule.

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SECTION XIII - SERVICE CONTINUITY

13.1 REGULARITY OF SUPPLY

The Company will use reasonable diligence to provide a continuous, regular and uninterrupted supply of service; but does not 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.

13.2 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 the supply of gas.

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SECTION XIV - CUSTOMER'S USE OF SERVICE

14.1 PRECAUTIONS TO BE TAKEN BY CUSTOMER

The responsibility of detection of defects and leaks on the Customer's premises and in the service line, 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 his premises, the Customer shall immediately shut off the gas at the meter, extinguish all flames, or fires within the premises, open all doors and windows to permit the escape of gas, and at once notify the Company by telephone or messenger, so that the conditions existing may receive prompt and proper attention. When gas has been shut off because of leak in 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 shut off gas at meter, notify Company and be governed by instructions or assistance received from the Company.

14.2 WASTAGE OF GAS

A Customer shall take due care to prevent waste of gas. If wastage of gas is caused by the Company's negligence, the Company will issue a credit for all gas wasted. If wastage occurred through no fault of the Company, no credit will be issued.

14.3 SALES OF GAS BY CUSTOMER

The Customer shall not sell gas purchased by him from the Company to other occupants of the premises or to other premises without the written permission of the Company.

14.4 SERVICE TO CUSTOMER'S APPLIANCES

The Company shall render the following service without charge. Gas and air adjustments, including pilot light adjustments, on all appliances. Adjustment of Customer's service regulator. Thermostat adjustment on all appliances except space heating appliances. The foregoing service shall be limited to the Company's regularly scheduled working hours.

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RULES AND REGULATIONS

SECTION XIV

(Continued)

14.5 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 his installation and/or equip it with approved controlling devices.

14.6 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 use of gas.

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P.S.C. Md. No. 2

Chesapeake Utilities Corporation
Maryland Division

First Revised Sheet No. 22

RULES AND REGULATIONS

SECTION XV - MEASUREMENT

15.1 DEFINITION OF A CUBIC FOOT

(A) **Low Pressure Sales:**

For sales from standard or low pressure distribution pipe lines, or where a displacement type meter not equipped with pressure gauges, or for which pressures are not recorded or taken, or not having incorporated into it devices to correct to a standard pressure or temperature base, is used, 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:**

For sales at high or intermediate pressures or where an orifice type meter is used, or a displacement type meter, with pressure, volume or time device, or for which pressures are recorded or taken, or having incorporated into it, devices to correct to a standard pressure or temperature base, is used, a cubic foot of gas shall be that amount of gas which occupies one cubic foot at an absolute pressure of 14.95 lbs. per square inch and a temperature of 60° Fahrenheit. To determine the volume of gas delivered, required factors such as pressure, flowing temperature, specific gravity and deviations from Boyle's Law may be applied. The average absolute atmospheric pressure (barometric pressure) shall be assumed to be 14.73 lbs. per square inch, irrespective of actual elevation or location of the delivery point above sea level or variations, in actual barometric pressure from time to time. The temperature of the gas flowing through the meter or meters shall be the arithmetic average of the temperature record; or read from established tables of monthly averages for the location involved. The gas shall be measured in accordance with methods in use in the industry generally and recommended by the Gas Measurement Committee of the Natural Gas Department of the American Gas Association, applied in a practical manner.

15.2 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.

15.3 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.

Issue Date: September 7, 2006

RULES AND REGULATIONS

SECTION XV (Continued)

15.4 METER READING INTERVALS

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

15.5 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 Meter Tests 16.2 Non-Registering Meters), 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 corrected 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 his 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 on the next subsequent bill rendered the Customer.

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 consecutive months, and the Customer's service thereafter, is subject to discontinuance (See Disconnection by the Company - 18.2 Shut-off for Cause).

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P.S.C. Md. No. 2
Chesapeake Utilities Corporation
Maryland Division

First Revised Sheet No. 24

RULES AND REGULATIONS

SECTION XVI - METER TESTS

16.1 METER TESTS

The Company, at its expense, will make periodic tests and inspections of its meters, as required by the Regulations Governing Service Supplied by Gas Corporations of the Public Service Commission of Maryland.

16.2 NON-REGISTERING METERS

Whenever a meter is found to be stopped, the Company may estimate the consumption and bill the Customer for the estimated gas used during the period which the meter failed to register.

16.3 REQUEST TESTS

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

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Chesapeake Utilities Corporation
Maryland Division

First Revised Sheet No. 25

RULES AND REGULATIONS

SECTION XVII - PAYMENT TERMS

17.1 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 100 or 1,000 cubic feet, depending on the applicable rate schedule, scheduled at approximate monthly intervals of 28 to 34 days.

An initial period of less than 10 days is included in the next month's billing. If the period is more than 10 days, a bill is rendered at the regular billing date. A final period of from 1 to 45 days is billed as one month.

17.2 PAYMENT PERIOD

Bills are due upon presentation. 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 10 days of their date of presentation. Failure to receive the bill will not excuse Customer from payment obligations, and payments must be made without regard to any counter claims whatsoever.

17.3 DISPUTED BILLS

In the event of a dispute between the Customer and the Company respecting any bill, the Company will forthwith make such investigation as may be required by the particular case and report the result thereof to the Customer. When the Company has made such a report to the Customer, either, (1) sustaining the bill as rendered or, (2) submitting a corrected bill, the date of the bill for the purposes of payment shall be considered to be as of the date of said report, and the Customer shall pay the amount due within the time provided in these rules and regulations, and failure to so pay shall render the Customer and his service liable to the penalties herein provided, except, that whenever a Customer has been billed incorrectly, as a result of incorrect reading of meters, incorrect application of rate schedule, or other similar reason, any undercharge billed to the Customer covering the period preceding the three months prior to the discovery of the error shall be subject to service denial for non-payment only after authorization by the Public Service Commission of Maryland. Any amounts received by the Company in excess of the amount disclosed to be due by the Company's investigation

of the dispute shall be forthwith returned to the Customer if the error arose from any cause other than the incorrect estimating of a Customer's consumption for the period in dispute. Errors arising through the incorrect estimating of a Customer's consumption shall be adjusted in accordance with the provisions of rule 15.5 of these Rules and Regulations.

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Chesapeake Utilities Corporation

First Revised Sheet No. 26

Maryland Division

RULES AND REGULATIONS

SECTION XVII

(Continued)

17.4 BUDGET PLAN

The purpose of the Budget Plan is to spread a residential heating customer's bill over a ten month period with equal monthly payments, to eliminate the necessity of a customer paying large bills during the heating season.

If a residential heating customer elects to use the budget plan, his bills for the period beginning in September and ending in June will be totaled and divided by 10 to produce his approximate budget payment, which will then be rounded off to the nearest \$1.

If a customer has no past history of gas use the Company will estimate the gas bill for the budget period and divide by 10 to produce the payments. The Company may adjust the budget payment, with the Customer receiving immediate notification of any adjustment.

To remain on the budget plan, a Customer must pay his gas bill by the due date each month and pay all balances due with his June bill.

The Company will normally require that the Customer begin the budget plan in September of each year. The Company may accept budget customers later in the heating season, with appropriate adjustments in the monthly payment.

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P.S.C. Md. No. 2

Chesapeake Utilities Corporation

First Revised Sheet No. 27

Maryland Division

RULES AND REGULATIONS

SECTION XVIII - DISCONNECTION BY THE COMPANY

18.1 NON-PAYMENT SHUT-OFF

The Company may disconnect its service on due notice and remove its equipment in case of non-payment of bill at the present or a former location. Such notice shall set forth the date service will be discontinued, unless payment is received at the office of the Company prior to the date, which date shall not be less than five days from the date of mailing such notice.

18.2 SHUT-OFF FOR CAUSE

The Company may disconnect on reasonable notice if entry to its meter or meters is refused, or if access thereto is obstructed or hazardous, or for other violation of these rules and regulations.

18.3 SAFETY SHUT-OFF

The Company may disconnect without notice if the Customer's installation has been found hazardous or defective.

18.4 DEFECTIVE EQUIPMENT SHUT-OFF

The Company may disconnect without notice if the Customer's equipment or use thereof might injuriously affect the equipment of the Company, or the Company's service to other Customers.

18.5 SHUT-OFF FOR OTHER CAUSES

The Company may disconnect without notice for abuse, fraud, or tampering with the connections, meters or other equipment of the Company.

18.6 RECONNECTION CHARGE

Whenever a Customer's gas shall be turned off or his meter disconnected by reason of non-compliance with these Rules and Regulations or the Rules, Regulations or Orders of the Public Service Commission of Maryland, a reconnection charge of thirty-five dollars (\$35) must be received by the Company or an agent of the Company before the gas will be turned

on again. If the Customer desires a same day reconnection or to be reconnected outside the Company's normal business hours, then the reconnection charge will be sixty dollars (\$60).

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.

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Chesapeake Utilities Corporation

First Revised Sheet No. 27.1

Maryland Division

RULES AND REGULATIONS

SECTION XVIII

(Continued)

18.7 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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Chesapeake Utilities Corporation
Maryland Division

Second Revised Sheet No. 28

RULES AND REGULATIONS

SECTION XIX - TERMINATION OF SERVICE

19.1 TERMINATION BY COMPANY

The Company 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 or the act of bankruptcy of the Customer; (3) in case of the illegal use of gas.

19.2 TERMINATION BY CUSTOMER

A Customer who intends to vacate the premises, discontinue the use of gas, or terminate his liability to pay for the gas delivered to the premises, shall give at least twenty-four (24) hours' notice to the Company. The Company shall read the meter within 24 hours after receipt of termination notice from the Customer. If such a notice is not given, the Customer shall be liable for gas registered by the meter until the meter is read by the Company.

19.3 FINAL BILL

The Customer is liable for service taken after notice to terminate his service until the meter is read and gas shut off. The final bill for service is then due and payable immediately.

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P.S.C. Md. No. 2
Chesapeake Utilities Corporation
Maryland Division

Second Revised Sheet No. 29

RULES AND REGULATIONS

SECTION XX - APPLICATION OF RATES

20.1 DEFINITION OF THE TERM "CUSTOMER"

For the purpose of applying rate schedules in this natural gas 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 month at one location for one classification of service through one 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 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 meter was installed.

Where a single commercial, industrial, or institutional customer occupies more than one 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 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.

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P.S.C. Md. No. 2
Chesapeake Utilities Corporation
Maryland Division

Fourth Revised Sheet No. 30

RATE SCHEDULE "RS"

RESIDENTIAL SERVICE

AVAILABILITY:

This rate schedule is available to any individually billed or metered customer using gas for residential purposes.

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:	\$8.750 per month
First 20 Ccf	.892 per Ccf
Next 30 Ccf	.490 per Ccf
Over 50 Ccf	.268 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" provided on Sheet No. 41.

PAYMENT TERMS:

Bills are due within ten (10) 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 Maryland. 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 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 or more riders containing additional charges applicable to the service received, such as MFTR.

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P.S.C. Md. No. 2

Chesapeake Utilities Corporation
Maryland Division

Second Revised Sheet No. 30.1

RATE SCHEDULE "RS"

RESIDENTIAL SERVICE

REVENUE NORMALIZATION

The Delivery Service Revenue for heating customers under this Rate Schedule is adjusted to reflect the annual average revenue requirement established in Case No. 9473, specifically \$402 per customer. A heating customer is defined as a customer that uses natural gas for space heating and is labeled as Rate "RSH" on the customer's monthly bill. The approved annual revenue requirement is translated into an equivalent normalized monthly base revenue per customer. The monthly base revenue per customer amount has been calculated based on the percentage of revenue for each month as contained in the period utilized in Case No. 9473. These monthly revenue amounts per customer will not change until the Company's next base rate proceeding. Any difference (either positive or negative) between the actual Delivery Service Revenue received per customer and the revenue requirement per customer is multiplied by the actual number of actively billed customers for the month. The resulting amount is accrued monthly with a quarterly adjustment included in the calculation of the Gas Sales Service Rate, Rate Schedule "GSR". The details of this calculation are filed quarterly with the Public Service Commission.

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P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Fourth Revised Sheet No. 31

Maryland Division

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 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. This annual review process will be based on the twelve months ended May. 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:	\$17.250	per month
First 20 Ccf	.522	per Ccf
Next 30 Ccf	.523	per Ccf
Over 50 Ccf	.366	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 "GS" provided on Sheet No. 41.

PAYMENT TERMS:

Bills are due within ten (10) days of their date.

MINIMUM BILL:

The minimum monthly bill under this rate schedule is the customer charge.

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P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Fifth Revised Sheet No. 31.1

Maryland Division

RATE SCHEDULE "GS"

GENERAL 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 Maryland. 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 location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles.
- (3) In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges applicable to the service received, such as MFTR.

REVENUE NORMALIZATION

The Delivery Service Revenue for heating customers under this Rate Schedule is adjusted to reflect the annual average revenue requirement established in Case No. 9437, specifically \$613 per customer. A heating customer is defined as a customer that uses natural gas for space heating and is labeled as Rate "GSH" on the customer's monthly bill. The approved annual revenue requirement is translated into an equivalent normalized monthly base revenue per customer. The monthly base revenue per customer amount has been calculated based on the percentage of revenue for each month as contained in the period utilized in Case No. 9437. These monthly revenue amounts per customer will not change until the Company's next base rate proceeding. Any difference (either positive or negative) between the actual Delivery Service Revenue received per customer and the revenue requirement per customer is multiplied by the actual number of actively billed customers for the month. The resulting amount is accrued monthly with a quarterly adjustment included in the calculation of the Gas

Sales Service Rate, Rate Schedule "GSR". The details of this calculation are filed quarterly with the Public Service Commission.

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P.S.C. Md. No. 2
Chesapeake Utilities Corporation
Maryland Division

Fourth Revised Sheet No. 32

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 4,000 Ccf and less than 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 4,400 Ccf. A Customer on this rate schedule will be moved to General Service with annual consumption less than 3,600 Ccf. The annual review process will be based on the twelve months ended May. 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:	\$39.00 per month
First 200 Ccf	.515 per Ccf
Over 200 Ccf	.341 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 "MVS" provided on Sheet No. 41.

PAYMENT TERMS:

Bills are due within ten (10) days of their date.

MINIMUM BILL:

The minimum monthly bill under this rate schedule is the customer charge.

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Chesapeake Utilities Corporation

Maryland Division

Third Revised Sheet No. 32.1

RATE SCHEDULE "MVS"

MEDIUM VOLUME 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 Maryland. 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 location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles.
- (3) In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges applicable to the service received, such as MFTR.

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P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Fifth Revised Sheet No. 33

Maryland Division

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 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 16,500 Ccf. A Customer on this rate schedule will be moved to Medium Volume Service with annual consumption less than 13,500 Ccf. The annual review process will be based on the twelve months ended May. 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:	\$68.00 per month
First 700 Ccf	.523 per Ccf
Over 700 Ccf	.264 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 "LVS" provided on Sheet No. 41.

TRANSPORTATION AND BALANCING SERVICE:

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have

their own gas transported through the Company's distribution system. Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 42. 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: \$.071 per Ccf of gas consumed

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Chesapeake Utilities Corporation

Fourth Revised Sheet No. 33.1

Maryland Division

RATE SCHEDULE "LVS"

LARGE VOLUME SERVICE

(Continued)

PAYMENT TERMS:

Bills are due within ten (10) 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 Maryland. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased or transported hereunder is for the use of the customer in one location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles.
- (3) In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges applicable to the service received, such as MFTR.

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Chesapeake Utilities Corporation
Maryland Division

Fifth Revised Sheet No. 34

**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. 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 months ended May. Customers will not be shifted between rate schedules due to changes in annual consumption or winter months 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:	\$39.00 per month
All gas consumed	.212 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 "HLFS" provided on Sheet No. 41.

TRANSPORTATION AND BALANCING SERVICE:

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system. Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 42. 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: \$.011 per Ccf of gas consumed

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Chesapeake Utilities Corporation

Fourth Revised Sheet No. 34.1

Maryland Division

RATE SCHEDULE "HLFS"

HIGH LOAD FACTOR SERVICE

(Continued)

PAYMENT TERMS:

Bills are due within ten (10) 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 Maryland. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased or transported hereunder is for the use of the customer in one location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles.
- (3) In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges

applicable to the service received, such as MFTR.

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Chesapeake Utilities Corporation
Maryland Division

Second Revised Sheet No. 35

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 a 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 solely to fuel motor vehicles at refueling facilities operated at Company locations. This gas 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 terminate service at any time without notice.

TERM

Service under this contract will terminate, with 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 day of each month and will be set at the Ccf-equivalent price of a gallon of unleaded regular gasoline at self-service pumps as published by AAA in the prior month, 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(es).

If the customer is exempt from federal or state taxes imposed with respect to sales of gasoline for motor vehicle use, the price charged to the customer will be reduced from the posted price by the Ccf-equivalent of the tax(es) on gasoline 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.

Issue Date: September 7, 2006

Effective Date: For Service Rendered on and after October 1, 2006

Authorization: Order No. 81054 dated September 26, 2006 in Case No. 9062

P.S.C. Md. No. 2

Chesapeake Utilities Corporation
Maryland Division

Third Revised Sheet No. 36

**RATE SCHEDULE "GCR"
GAS COOLING SERVICE**

AVAILABILITY:

This rate schedule is available to any residential Customer using gas for space cooling purposes during the billing months of May through October. During all other billing months, Rate Schedule "RS" Residential Service shall apply.

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:	\$7.00 per month
All gas consumed	.127 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 "GCR" provided on Sheet No. 41.

PAYMENT TERMS:

Bills are due within ten (10) 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 Maryland. 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 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 or more riders containing additional charges applicable to the service received, such as MFTR.

Issue Date: April 27, 2018

Effective Date: For Service Rendered on and after May 1, 2018

Authorization: Letter Order dated April 25, 2018 in Case 9473

P.S.C. Md. No. 2
Chesapeake Utilities Corporation
Maryland Division

Third Revised Sheet No. 37

**RATE SCHEDULE "GCO"
GAS COOLING SERVICE**

AVAILABILITY:

This rate schedule is available to any General Service, Medium Volume Service or Large Volume Service customer during the billing months of May through October using gas for space cooling purposes. Service on this rate schedule will be on a separate meter. If service is required during all other billing months, the applicable firm rate schedule shall apply.

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:	\$7.00 per month
All gas consumed	.127 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 "GCO" provided on Sheet No. 41.

PAYMENT TERMS:

Bills are due within ten (10) 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 Maryland. 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 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 or more riders containing additional charges applicable to the service received, such as MFTR.
-

Issue Date: April 27, 2018

Effective Date: For Service Rendered on and after May 1, 2018

Authorization: Letter Order dated April 25, 2018 in Case 9473

P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Maryland Division

Second Revised Sheet No. 38

RATE SCHEDULE "GLS"

GAS LIGHTING SERVICE

AVAILABILITY:

This rate schedule is available for unmetered 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 \$6.35 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 "GLS" provided on Sheet No. 41.

PAYMENT TERMS:

Bills are due within ten (10) 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 Maryland. 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 or more riders containing additional charges applicable to the service received, such as MFTR.

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Authorization: Order No. 81054 dated September 26, 2006 in Case No. 9062

P.S.C. Md. No. 2

Chesapeake Utilities Corporation
Maryland Division

First Revised Sheet No. 39

FIRST REVISED SHEET NO. 39 HAS NOT BEEN ISSUED

RESERVED FOR FUTURE USE

Issue Date: September 7, 2006

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Authorization: Order No. 81054 dated September 26, 2006 in Case No. 9062

P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Third Revised Sheet No. 40

Maryland Division

RATE SCHEDULE "IS"

INTERRUPTIBLE SERVICE

AVAILABILITY:

This rate schedule is available to any non-residential customer 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. 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.

DELIVERY SERVICE RATE:

The rate per Ccf of consumption shall be based on the monthly rate cell for the Customer's specific alternative fuel and annual requirements or shall be determined on an individual customer basis according to the nature of the interruptible service to be provided. Delivery Service rates shall be set for each calendar month by the Company.

GAS SALES SERVICE:

In addition to the above Delivery Service rates, the gas sales service rate shall be determined by the Company and can be adjusted upon one (1) days notice to the Customer.

TRANSPORTATION AND BALANCING SERVICE:

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system. Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 42. 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: \$.002 per Ccf of gas consumed

PAYMENT TERMS:

Bills are due within ten (10) days of their date.

MINIMUM BILL:

The minimum annual bill under this rate schedule is \$250 per month.

Issue Date: September 7, 2006

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Authorization: Order No. 81054 dated September 26, 2006 in Case No. 9062

P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Third Revised Sheet No. 40.1

Maryland Division

RATE SCHEDULE "IS"

INTERRUPTIBLE SERVICE

(Continued)

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 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 \$5 per Ccf in addition to the currently effective

rate. The penalty rate 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.

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 Maryland. 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 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 Delivery Service rate, customers served under this rate schedule may be subject to one or more riders containing additional charges applicable to the service received, such as MFTR.

Issue Date: September 7, 2006

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Authorization: Order No. 81054 dated September 26, 2006 in Case No. 9062

P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Eighty-Seventh Revised Sheet No. 41

Maryland Division

RATE SCHEDULE "GSR"

GAS SALES SERVICE RATE

FIRM SALES RATE SCHEDULES:

The Gas Sales Service Rate is a volumetric charge per Ccf (100 cubic feet) and applies to the respective firm sales service rate schedules listed below and does not apply to the Interruptible Sales Service or Transportation Service customers. The Gas Sales Service Rate will be calculated to the nearest tenth of a cent (.1¢) per Ccf.

RATE SCHEDULES

GAS SALES SERVICE RATE

RS, GS, MVS, LVS, HLFS,

\$0.882 per Ccf

The Maryland Division's purchased gas cost recovery mechanism will be based on a projected recovery period in order to reflect current market prices. The Maryland Division will file the Gas Sales Service Rate with the Maryland Public Service Commission on a quarterly basis ten (10) days before each quarterly effective date of October 1, January 1, April 1, and July 1.

The projected twelve (12) month period for purchased gas cost recovery will be October through September. The quarterly Gas Sales Service Rate filed with the Commission to be effective October 1 will be considered the first quarter of the projected twelve (12) month recovery period. This twelve (12) month recovery period and the twelve (12) month period used for the calculation of the actual over or under recovery of gas costs will be the same. The Actual Cost Adjustment (ACA) rate will be determined on an annual basis based on the twelve (12) month period of October through September. A new ACA rate will become effective the quarter subsequent to the actual twelve (12) month recovery period, which will be January 1 of each year.

Issue Date: June 22, 2018

Effective Date: July 1, 2018

Authorization:

P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Maryland Division

Third Revised Sheet No. 41.1

RATE SCHEDULE "GSR"

GAS SALES SERVICE RATE

(Continued)

OVERALL METHODOLOGY:

The overall cost of purchased gas used in the determination of the Gas Sales Service Rate shall include, but not be limited to, costs associated with natural gas purchased from any supply source, liquefied petroleum gas (LPG), liquefied natural gas (LNG), other hydrocarbons distributed to customers or used as feedstock for production of substitute natural gas (SNG), and storage, transportation, and any other gas related costs.

- (1) Fixed gas supply costs (demand costs) will be divided by the Maryland Division's projected firm sales for the respective projected recovery period to determine an

annualized fixed cost per Mcf. The receipt of firm and interruptible transportation balancing service revenue from the respective Transportation Customers will be a reduction to the fixed gas supply costs. The fixed cost recovery rate may be adjusted quarterly to reflect changes. The commodity gas supply costs (variable costs) applicable to firm gas sales service will be estimated quarterly based on projected market prices and projected firm sales volumes for the respective quarter. The charge or credit for firm and interruptible transportation service cash outs from the respective Transportation Customers will be included as commodity gas supply costs. The Gas Sales Service Rate applicable each quarter shall be the amounts determined for the fixed and commodity cost; less

- (2) All supplier refunds received from the Company's suppliers as determined by the method contained under the heading of "Supplier Refunds" on Sheet No. 41.2 ; less
- (3) The firm sales customers portion of any shared margins resulting from interruptible sales which will be a commodity-related gas cost as determined by the method contained under the headings of "Interruptible Margin Sharing" on Sheet No. 41.3 and "Capacity Release Margin Sharing" and "Off-System Sales Margin Sharing" on Sheet No. 41.4; less or plus
- (4) The Actual Cost Adjustment in effect as determined by the method under the heading of "Actual Cost Adjustment" on Sheet No. 41.2; less or plus
- (5) Any other applicable gas cost adjustments.

Issue Date: September 7, 2006

Effective Date: For Service Rendered on and after October 1, 2006

Authorization: Order No. 81054 dated September 26, 2006 in Case No. 9062

P.S.C. Md. No. 2

Chesapeake Utilities Corporation
Maryland Division

Third Revised Sheet No. 41.2

RATE SCHEDULE "GSR"

GAS SALES SERVICE RATES

(Continued)

SUPPLIER REFUNDS

1. The total refund made to the Company, including interest received from the supplier, is apportioned to billing months in the relationship that like-month sales subject to the gas cost rates bear to the total of such sales in the retroactive refund period. This calculation establishes a total amount available for refund in the quarter each month occurs for sales subject to Gas Sales Service.
2. To the total amount available for refund for each month, interest, at the rate prescribed by the Public Service Commission of Maryland, is added for the period of time until the quarter in which the refund is to be returned to customers.
3. The amount available for refund, including interest, for each month is applied as a quarterly refund factor to the Gas Sales Service Rate in the corresponding billing quarter to which the monthly refunds would be applicable (to the nearest hundredth of a cent per Ccf) determined by dividing such refund by the forecasted sales in

Ccf's subject to the Gas Sales Service Rate in that respective billing quarter.

4. Any difference between the actual amount available for refund in any billing quarter and the total amount actually refunded in that quarter is carried forward in the computation of the Gas Sales Service Rate in the second billing quarter succeeding the quarter of the refund.

5. The Company will utilize the above procedure unless otherwise directed by the Commission.

ACTUAL COST ADJUSTMENT

An Actual Cost Adjustment (ACA), to recover actual gas cost under or over collections, shall be computed by taking the actual cost of purchased gas (excluding supplier refunds) as recorded on the books of the Company during the recovery period of the twelve months ended September, and subtracting there from an amount equal to each Gas Sales Service Rate multiplied by the actual sales for which each rate is applicable during the recovery period recorded on the books of the Company during the recovery period and further subtracting or adding any material ACA over or under collections for the previous year. Therefore, the total ACA amount to be recovered will contain the over or under collection of gas costs for the current determination period as well as a final reconciliation of the ACA amount from the previous period. The derived amount shall be divided by the forecasted MCF quantities of gas for the appropriate time period. The resulting unit rate per 100 cubic feet shall be reflected for a twelve (12) month period commencing with the January 1 Gas Sales Service Rate. The determination period to be used in the computation of the ACA shall be the twelve (12) months ended September 30 of each year.

Issue Date: September 7, 2006

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Authorization: Order No. 81054 dated September 26, 2006 in Case No. 9062

P.S.C. Md. No. 2

Chesapeake Utilities Corporation
Maryland Division

First Revised Sheet No. 41.3

RATE SCHEDULE "GSR"

GAS SALES SERVICE RATE

(Continued)

ACTUAL COST ADJUSTMENT (Continued)

This ACA is utilized to recover gas costs under or over collections and is a separate and distinct cost adjustment from the Take-or-Pay ACA discussed later.

INTERRUPTIBLE MARGIN SHARING

1. The Company shall include in its quarterly Gas Sales Service Rate estimated interruptible margin credits resulting from sales made by the Company under Rate Schedule "IS" - Interruptible Service.

2. Ninety percent (90%) of interruptible margins, exclusive of interruptible margins associated with incremental load added to the distribution system after April 1, 1997 for which there are unamortized capital investment balances, shall be credited to firm customers.
3. Margin is defined as revenue less associated gas costs, revenue related taxes, and any other applicable rider collections. Further, the cost of gas shall be exclusive of take-or-pay costs.
4. Eighty - percent (80%) of any estimated take-or-pay costs allocated to the sales made pursuant to Rate Schedule – “IS” shall be deducted from shared margins.
5. The resulting amount shall be credited quarterly to the Company’s Gas Sales Service customers through this gas cost recovery mechanism.
6. At the end of the recovery period of the twelve months ended September 30, the actual interruptible margin credits as calculated by the Company would be compared to the amount of interruptible margins credited to the firm customers and reconciled in a manner similar to the ACA.

Issue Date: September 7, 2006

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Authorization: Order No. 81054 dated September 26, 2006 in Case No. 9062

P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Second Revised Sheet No. 41.4

Maryland Division

RATE SCHEDULE "GSR"

GAS SALES SERVICE RATES

(Continued)

CAPACITY RELEASE MARGIN SHARING

1. Multiply the gross margin associated with sales made pursuant to Capacity Release by 90%.
For the purpose of this calculation, gross margin is defined as revenue less any applicable taxes.
2. The result shall be credited quarterly to the Company’s Gas Sales Service customers through this gas cost recovery mechanism.

OFF - SYSTEM SALES MARGIN SHARING

1. Multiply the gross margin associated with Off - System sales by 90% if upstream assets belonging to the Maryland Division are used and by 50% if upstream assets belonging to the Maryland Division are not used.
For the purpose of this calculation, gross margin is defined as revenue less associated gas costs and any applicable taxes.
2. The result shall be credited quarterly to the Company’s Gas Sales Service customers

through this gas cost recovery mechanism.

TAKE-OR-PAY (TOP) SURCHARGE

Rates for service under Company's rate schedules subject to its Gas Sales Service Rate shall further be subject to a surcharge to recover pipeline suppliers' imposed fixed monthly take-or-pay charges. The surcharge is calculated by dividing estimated quarterly TOP payments to pipeline suppliers by the projected MCF quantities of gas for the quarter, including both firm and interruptible sales, and transportation volumes, to be sold during the respective surcharge period.

TOP ACTUAL COST ADJUSTMENT

The Company shall calculate an Actual Cost Adjustment (ACA) determined as the difference between TOP revenues collected and TOP payments to pipeline suppliers during the determination period (the 12 months ended September 30), with any excess or deficiency carried forward as a credit or addition, respectively, to the succeeding surcharge period. The TOP ACA represents a cost adjustment that is separate and distinct from the ACA discussed on the preceding pages. The surcharge may otherwise be adjusted in the interim to reflect changes in TOP payments assessed to the Company.

Details relating to the calculation of the TOP surcharge, TOP payments made, and revenue resulting from the application of this provision shall be filed with the Public Service Commission of Maryland.

Issue Date: September 7, 2006

Effective Date: For Service Rendered on and after October 1, 2006

Authorization: Order No. 81054 dated September 26, 2006 in Case No. 9062

P.S.C. Md. No. 2
Chesapeake Utilities Corporation
Maryland Division

Original Sheet No. 41.5

RATE SCHEDULE "GSR"

GAS SALES SERVICE RATES

(Continued)

REVENUE NORMALIZATION

The quarterly Gas Sales Service Rate calculation will contain an adjustment as a result of the base revenue normalization for heating customers in the residential and small commercial classes. This will contain the actual adjustment (either positive or negative) for months for which actual information is available and a projection for months in the quarter for which actual information is not available. A true-up of the adjustment for the estimated month will be included in the adjustment for the next billing quarter. An adjustment amount per Ccf will be calculated by dividing the total dollar amount of the adjustment by the projected firm volumes for the quarter. A true-up of the over or under collection will be included along with the Actual Cost Adjustment at the end of the period.

Issue Date: September 7, 2006

Effective Date: For Service Rendered on and after October 1, 2006

Authorization: Order No. 81054 dated September 26, 2006 in Case No. 9062

P.S.C. Md. No. 2

Chesapeake Utilities Corporation
Maryland Division

Fifth Revised Sheet No. 42

TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS

1 GENERAL

1. Transportation service is available to commercial and industrial customers with annual consumption through one or more contiguous meters in a specific geographic location equal to, or greater than, 30,000 Ccf per year. Transportation service is made up of several components with associated charges. Components of transportation service include delivery of gas to the Customer's metering point, balancing the difference between the volume of gas supplied and the volume of gas actually consumed by the Customer on a daily basis, and resolving imbalances that exist at the end of a billing month. Customers utilizing transportation service will be billed for delivery service, balancing, and other charges applicable for the rate schedule under which they are served.
2. Transportation service for all eligible customers shall begin on the first day of the next month provided that notice of enrollment is received twelve (12) days or more prior to the first day of the month. If notice of enrollment is received less than twelve (12) days prior to the first day of the month, the request will be processed on the first day of the subsequent month. Enrollments shall be processed on a first-in basis

during any given month. All agreements will be in effect for a twelve (12) month period.

3. The Company shall drop a customer from its current supplier when another supplier enrolls the customer. The Company shall also process notice of enrollment regardless of whether the customer is currently supplied by another supplier or by the Company.
4. The Company shall compensate a retail supplier through a cash exchange, an adjustment of gas usage, or an adjustment of delivery volumes, at the Company's discretion, for the portion of the first month during which gas is delivered to a customer of the supplier within 90 days of the first supply of gas to the customer.
5. In order to be eligible to participate as a supplier, a new Supplier must meet the requirements set forth in the Gas Supplier Requirements Rate Schedule and must also be registered with the Public Service Commission of Maryland.
6. A supplier may drop a customer by sending a notice to the Company. A supplier drop is effective on the first day of the next month provided a drop is received by the Company more than twelve (12) days before the first day of the next month. If a drop is received by the Company less than twelve (12) days prior to the first day of the next month, the drop shall take effect on the first day of the next subsequent month.

Issue Date: February 25, 2015

Effective Date: For Bills Rendered on or after March 1, 2015

Authorization:

P.S.C. Md. No. 2
Chesapeake Utilities Corporation
Maryland Division

Third Revised Sheet No. 42.1

TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS

(Continued)

GENERAL (continued)

7. The Company shall assign a customer who has been dropped by a supplier and not enrolled by another supplier to sales service.
8. Suppliers with an aggregate firm Daily Contract Quantity, based on the highest nomination DCQ for each of its firm customers during the months of November through March, of at least 200 Dt shall be eligible for release of the Company's firm transportation capacity upstream of Eastern Shore Natural Gas Company. The upstream firm transportation capacity will be allocated in proportion to the Company's firm transportation capacity on Columbia Gas Transmission Corporation and Transcontinental Gas Pipe Line Corporation. All such capacity releases shall be for a twelve (12) month period.

1.9 All firm customers that choose a supplier other than the Company shall be eligible for the release of pipeline capacity on Eastern Shore Natural Gas Company based on the

customer's highest nomination DCQ during the months of November through March. All such capacity releases shall be for a twelve (12) month period.

1.10 All capacity releases will be recallable if the customer for whom a capacity release is made decides to return to the Company's Gas Sales Service before the end of the twelve (12) month release period. For aggregate releases, the amount recalled will only be the amount originally designated for the customer that chooses to return to the Company's Gas Sales Service. .

1.11 The Company will not be obligated to release any firm transportation capacity on any pipeline for new customers or existing customers with new loads. Only capacity committed to by the Company to meet existing customer requirements will be released.

2 DEFINITIONS

British Thermal Unit (Btu): The amount of heat required to raise the temperature of one (1) pound of water by one (1) degree Fahrenheit at sixty (60) degrees Fahrenheit measured on a dry basis at fourteen and seventy-three hundredths (14.73) pounds per square inch absolute (psia).

Issue Date: October 15, 2010

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Authorization:

P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Maryland Division

Third Revised Sheet No. 42.2

TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS

(Continued)

2. DEFINITIONS (continued)

Daily Contract Quantity (DCQ): The amount of Customer-owned gas, for each calendar month, which is scheduled by the Customer to be delivered to the Company's distribution system each day of the month net of the shrinkage factor.

Decatherm (Dt): The quantity of heat energy that is equivalent to one million (1,000,000) British Thermal Units.

Decatherm (Dt) conversion to Mcf: Dt divided by the thermal factor equals Mcf.

Flowing Gas: Means gas flowing from a supplier through an upstream pipeline system to the city gate and does not include gas taken out of storage.

Gas Day: The twenty-four (24) consecutive hours beginning at nine o'clock (9:00) a.m. Central Clock Time ("CCT")

Imbalance: Any difference between the volume supplied by the Customer and the volume consumed. Nominations are adjusted for thermal content and shrinkage to determine the volume supplied by the Customer.

Nomination: The quantity of gas, including shrinkage, that the Customer is having delivered on its behalf to a receipt point on the Company's system.

Shrinkage Factor: A percentage applied to nominated quantities for Company use, losses and unaccounted-for gas to determine the quantity actually delivered to the Customer. The shrinkage factor shall be determined annually and will be the five-year (5) average.

Thermal Factor: The amount of Btu's in one Mcf of natural gas divided by one million (1,000,000). The thermal factor for converting between Dt and Mcf shall be 1.035 unless otherwise specified by the Company.

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Authorization:

P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Maryland Division

Third Revised Sheet No. 42.3

TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS

(Continued)

3 CONTRACT FOR SERVICE

A Service Agreement with a minimum term of one (1) year must be executed by each applicant as a condition to receiving transportation service. The Service Agreement shall specify the date on which service is to begin, receipt and delivery points, 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.

4 GAS TO BE TRANSPORTED BY THE COMPANY

The Customer is responsible for making all arrangements necessary for getting the gas to a receipt point on the Company's distribution system in compliance with pressure requirements established by the Company or any upstream pipeline for the receipt point. 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.

5 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 receipt point that is not an interconnection with an interstate pipeline must also meet the "pipeline quality" standard set forth above.

6 TITLE TO GAS

The Customer shall have good title to all the gas delivered to the Company for transportation 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.

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Effective Date: For Bills Rendered on or after December 1, 2010

Authorization:

P.S.C. Md. No. 2
Chesapeake Utilities Corporation
Maryland Division

Third Revised Sheet No. 42.4

TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS

(Continued)

7 LIABILITY

The Company shall not be liable for any damages, costs, losses or expenses resulting from or arising out of transportation service under any rate schedule, including, without limitation, interruption or curtailment of service, unless caused by the gross negligence of the Company.

8 METERING AND ASSOCIATED EQUIPMENT

Transportation service utilizing the DCQ for delivery of Customer-owned gas to the Company's distribution system 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, such as knowledge of daily usage by interruptible 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 the additional equipment.

9 AGENTS ACTING ON BEHALF OF THE CUSTOMER

A Customer using an agent, such as brokers, marketers, or producers, to act on behalf of the Customer for the delivery of gas to the Company's system must notify the Company in advance in writing the identity of the Agent and what responsibilities have been delegated to the Agent. Notification to the Company must clearly state Customer and/or Agent responsibilities for nominations, deliveries, and scheduling of gas. 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.

10 DETERMINATION OF DAILY CONTRACT QUANTITY

10.1 A Daily Contract Quantity (DCQ) for each calendar month shall be calculated annually by the Customer for a twelve (12) month period. The Customer, or Customer's Agent, will be obligated to deliver the Customer's DCQ each day of the month to the agreed upon receipt point on the Company's distribution system.

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Effective Date: For Bills Rendered on or after December 1, 2010

Authorization:

P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Maryland Division

Third Revised Sheet No. 42.5

TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS

(Continued)

10 DETERMINATION OF DAILY CONTRACT QUANTITY (Continued)

10.2 The DCQ determined in 10.1 in Ccf will be grossed up for shrinkage and converted to Dt using the thermal factor. The result will be rounded to the nearest Dt which will be the customer's nomination quantity. This DCQ in Dt will then be reduced by the shrinkage factor and converted to Ccf using the thermal factor. The result will be the monthly DCQ expressed in Ccf.

10.3 If actual customer usage for the entire month is more than 50% above or below the sum of the customers DCQ for the entire month, a fee will be imposed that equates to 10% of the imbalance charge for the amount over or under utilized by the Customer and will be charged on the following month's bill.

11 NOMINATIONS AND SCHEDULING

- 11.1 The Company shall deliver a Customer's gas only upon receipt from the Customer, or Customer's Agent, of a properly completed and executed nomination form specified by the Company. The nomination form shall, among other things, specify the nomination quantity required during the requested period measured in Dt and the location at which the gas is to be delivered. A nomination form must be submitted at the time specified below for each calendar month that transportation service is desired.
- 11.2 The nomination given to the Company will be in Decatherms (Dt).
- 11.3 Nominated quantities shall be reduced by the shrinkage factor and converted to Ccf to determine the volume actually scheduled for delivery to the Customer's meter, which must be equal to the Customer's DCQ in Ccf for the month.
- 11.4 Customers or their Agents shall provide the Company daily nominations for the upcoming calendar month by 9:00 a.m. CCT on the sixth business day prior to the beginning of such month via mail or facsimile. If the nomination cannot be confirmed with the delivering pipeline(s) or other source(s), the nomination will be rejected.

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Maryland Division

Second Revised Sheet No. 42.6

TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS

(Continued)

12 FIRM BALANCING SERVICE

- 12.1 Balancing between the Customer's DCQ and the volume of gas consumed by the Customer is performed daily by the Company on a firm basis. Imbalances between the volume of gas supplied by the Customer and the volume of gas consumed by the Customer for a billing month will be cashed-out at the Company's weighted average cost at the city gate for flowing gas, including gas cost, variable transportation, and fuel 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.
- 12.2 If the DCQ volume is not supplied by the Customer for any Gas Day, the Supplier shall be billed a fee of \$30.00 per Dt for the difference between the DCQ nomination,

which is in Dt, and the quantity actually supplied by the Customer. Such penalty is in addition to any cash-out price paid by the Customer for monthly imbalances.

13 INTERRUPTIBLE BALANCING SERVICE

13.1 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 supplied by the Customer and the volume of gas consumed by the Customer for a billing month will be cashed-out at the Company's weighted average cost at the city gate for flowing gas, including gas cost, transportation at the one hundred percent (100%) load factor rate, and fuel 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.

13.2 The Customer is expected to cease using gas if the Customer's supply is fully interrupted. If the Customer has knowledge of such interruption from a source other than the Company, the Customer must notify the Company immediately providing pertinent information relating to the anticipated duration of such supply interruption. During such 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 such 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 13.3, below, will apply to gas used during the Customer's supply interruption.

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Maryland Division

Second Revised Sheet No. 42.7

TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS

(Continued)

13 INTERRUPTIBLE BALANCING SERVICE (Continued)

13.3 If the Customer, or the Customer's supplier, fails to supply the DCQ on any Gas Day the Supplier shall be billed a fee of \$30.00 per Dt for the difference between the DCQ nomination, which is in Dt, and the quantity actually supplied by the Customer. Such penalty is in addition to any cash-out price paid by the Customer for monthly imbalances.

13.4 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. Using gas volumes greater than the Customer's DCQ during a period of such supply limitation, will subject the Customer to the same penalty rate specified in Rate Schedule "IS" - Interruptible Service for failure to interrupt service. This penalty will apply to all gas volumes used over and above the Customer's DCQ.

13.5 Where the Company interrupts the transportation of Customer-owned gas for distribution system reasons, any monthly imbalance up to the total DCQ volumes delivered to the Company's distribution system during the period of interruption will be purchased by the Company at the Customer's cost or the otherwise effective cash-out price, whichever is greater.

14 OPERATIONAL FLOW ORDER

At any time that transportation of Customer-owned gas may, in the sole judgement of the Company, result in adverse operating impacts on the Company's distribution system or its ability to serve firm sales service Customers, the Company may refuse delivery of Customer-owned gas or require such Customer to adjust its deliveries 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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Chesapeake Utilities Corporation
Maryland Division

Second Revised Sheet No. 43

RATE SCHEDULE "SUP"

GAS SUPPLIER REQUIREMENTS

AVAILABILITY

This rate schedule is for qualified gas suppliers that contract with a Customer to deliver the Customer's Daily Contract Quantity (DCQ) under the Transportation and Balancing General Terms and Conditions. A Supplier must submit an application to the Company to provide service to customers under this schedule, satisfy the Company's credit requirements set forth below, and be approved by the Maryland Public Service Commission.

RESPONSIBILITY FOR GAS DELIVERY

The Supplier shall make nominations and deliver, or arrange to have delivered, the Customer's DCQ in accordance with the Transportation and Balancing General Terms and Conditions. If the Supplier has more than one Customer, a nomination which is the sum for more than one Customer may be made on interstate pipelines but the quantity for each Customer must be identified on the nomination to the Company. Failure to deliver the required quantity of gas will

make the Supplier subject to penalties as stated in the Transportation and Balancing General Terms and Conditions. During a period of supply interruption in which case the Supplier interrupts the Customer's gas supply for any reason, the Supplier shall notify the Company immediately providing pertinent information relating to the anticipated duration of such supply interruption.

CREDIT WORTHINESS

To become a qualified supplier, the Supplier must demonstrate to the Company's satisfaction that it has met and continues to meet the credit worthiness 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 Company. Upon notification by the Company that the Supplier no longer satisfies the credit worthiness 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 worthiness 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.

TAXES

Any applicable taxes including, but not limited to, the Gross Receipts and Public Service Commission Regulatory Assessment will be added to all charges.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

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Chesapeake Utilities Corporation

Maryland Division

Second Revised Sheet No. 43.1

RATE SCHEDULE "SUP"

GAS SUPPLIER REQUIREMENTS

(Continued)

LIABILITY LIMITS

The Company shall not be liable for any loss, cost, damage or expense occasioned by the calculation of the DCQ. The Supplier shall warrant that, at the time of delivery of gas to the customer, it will have good title to deliver all gas volumes. The Company shall have no liability with respect to all gas delivered prior to its physical receipt by the Company or after its delivery to the Customer.

CUSTOMER/SUPPLIER PRE-ENROLLMENT REQUIREMENTS

- A. Before requesting customer information from the Company, the supplier shall notify the customer of its intention to request customer information from the Company, and

obtain the customer's consent for release of the customer's information from the Company. The supplier notice shall specify the customer information to be requested.

- B. Upon the request of the supplier, the Company shall provide the following applicable customer information; account name, billing address, service address, utility account number, bill cycle, rate schedule, and the monthly historical consumption for the previous 12 months.

CONTRACT REQUIREMENTS

- A. The supplier and the Company shall provide written notice of enrollment to a Customer entering into a service agreement with the supplier on the next business day following the supplier's receipt of the Company's enrollment response. The supplier's presentation of a signed copy of the customer's contract at any time before enrollment shall constitute sufficient written notice to the customer.
- B. The supplier shall provide notice of enrollment to the Company and such notice shall include the following; customer account name, customer service address, billing name, billing address, utility name, utility account number, supplier name, supplier identifier, commodity provided, and effective date of the enrollment.

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Maryland Division

Original Sheet No. 43.2

RATE SCHEDULE "SUP"

GAS SUPPLIER REQUIREMENTS

(Continued)

CANCELLATION OF SUPPLY SERVICE

- A. The Company may remove a Customer from supplier services only if directed by the supplier, subject to applicable bankruptcy law. The supplier shall process a Customer's request to cancel supply services not later than the end of the second business day after the Customer's cancellation request.
- B. After the third business day following a Customer request for a supplier to cancel supply service, the Customer may contact the Company to verify that the cancellation request

submitted by the supplier has been processed by the Company. If a Customer's cancellation request has not been processed by the Company, and the Customer requests cancellation of supplier service, the Company shall process a cancellation. A Customer's request to cancel service with the Customer's current supplier does not limit cancellation provisions contained in the Customer's service agreement with the supplier.

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First Revised Sheet No. 44

FIRST REVISED SHEET NO. 44 HAS NOT BEEN ISSUED

RESERVED FOR FUTURE USE

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P.S.C. Md. No. 2

Chesapeake Utilities Corporation

Third Revised Sheet No. 45

Maryland Division

RATE SCHEDULE "EER"

ENERGY EFFICIENCY RIDER

I. Provision for Rider

This provision shall be applicable to Rate Schedules "RS", "GS", "MVS", "LVS", and "HLFS". Customers' bills shall include a rider for the recovery of all Commission-approved Energy Efficiency ("EE") program costs. The EE Rider factors will be determined for each rate schedule as set forth below.

II. Application

The rider shall be comprised of: (a) a "current factor" which shall be effective during the billing months of January 1996 through December 1996 (the "determination period"); and (b) a "reconciling factor" to be effective commencing with the January 1997 billing month and each January billing month thereafter, reconciling actual program costs and rider revenues as determined in III.B. during the twelve month period ended October 31 of each year (the "reconciliation period").

The rider as determined in III.A.(2)(c) below shall be applied to monthly bills beginning with the billing month that coincides with the effective date hereof. The current factors shall be as follows:

<u>Rate Schedule</u>	<u>Rider</u>
"RS" (Residential Service)	0.000 cents per Ccf
"GS" (General Service)	0.000 cents per Ccf
"MVS" (Medium Volume Service)	0.000 cents per Ccf
"LVS" (Large Volume Service)	0.000 cents per Ccf
"HLFS" (High Load Factor Service)	0.000 cents per Ccf

The EE Rider shall be separate from the "GSR" factor and applied to the customers' bills as a separate factor. The Company shall furnish Commission Staff sufficient work papers for the review and audit of the EE Rider.

Nothing in this Energy Efficiency Rider shall serve to prevent the Company's application for recovery of Energy Efficiency program costs in the Delivery Service rates.

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Chesapeake Utilities Corporation

First Revised Sheet No. 45.1

Maryland Division

RATE SCHEDULE "EER"
ENERGY EFFICIENCY RIDER
(Continued)

III. Computation

A. Current Factor

The current EE Rider for the current period shall be determined for Rate Schedules "RS", "GS", "MVS", "LVS", and "HLFS" by dividing the total amount allocated (as hereinafter defined) to each rate schedule for the period by the applicable estimated MCF sales and delivery volumes. The amount to be recovered is computed as described below:

(1) Projected EE program costs shall include projected utility expenditures, projected incentive payments to customers, and those expenses and costs not elsewhere recovered in rates including, but not limited to, incremental Company labor, labor-related expenses, consultants' and other vendors' fees and expenses, office supplies and expenses and other costs and expenses incurred in the

implementation and operation of EE programs. Projected revenues from customers for EE products or services shall be offset against projected program costs.

- (2) Costs shall be allocated between customer classes as follows:
- a. Direct program costs shall be directly assigned to the proper customer class, i.e. Residential, General, Medium Volume, Large Volume, and High Load Factor, and totaled to provide a ratio by class to be used to allocate other program costs between classes;
 - b. All other program costs, i.e. Company incremental labor, consultants' fees and expenses, etc., shall be allocated between classes based on the ratios as determined in III.A.(2)(a);
 - c. Such costs as determined in III.A. (2)(a) and (b) shall be totaled by customer class and divided by the respective estimated MCF sales and delivery volumes, and adjusted for applicable Gross Receipts Tax and Regulatory Commission Assessments at the appropriate rate to develop the rider by customer class. The rider shall be calculated to the nearest .001 cents per CCF. Each computed rider shall be adjusted for any taxes levied upon the Company which are based upon revenues by dividing the EE Rider by the complement of the tax rate on revenues.
- (3) The Company shall compute interest by customer class on and after October 31 on that portion of actual collections from customers which exceeds actual program costs. Such interest shall be computed as of the end of each month and compounded quarterly. Interest shall be computed utilizing the most recent Commission-authorized rate of return on investment, adjusted for all applicable taxes, and recorded in the EE recovery account for crediting to customers.

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Chesapeake Utilities Corporation

First Revised Sheet No. 45.2

Maryland Division

RATE SCHEDULE "EER"

ENERGY EFFICIENCY RIDER

(Continued)

III. Computation (Continued)

- (4) Carrying costs shall be computed, by customer class, on the unrecovered balance of program costs, net of program revenues, as of the end of each month and compounded quarterly. For determination of carrying costs, program costs shall include any impact, plus or minus, of the tax effects of timing differences between book and tax treatment of program expenses and

revenues. The carrying costs shall be computed utilizing the most recent Commission-authorized rate of return on investment, adjusted for all applicable taxes, and recorded in the EE recovery account.

B. Reconciling Factor

A reconciling factor, to recover Energy Efficiency Rider under or over collections, shall be computed by taking the unrecovered start-up costs plus actual program costs as recorded on the books of the Company during the reconciliation period, and subtracting therefrom an amount equal to the EE rider revenues (excluding Gross Receipts Tax of 2% and Regulatory Commission Assessments at the appropriate rate) recorded on the books of the Company during the reconciliation period and further subtracting or adding any material reconciling factor over or under collections for the previous year. The derived amount shall be divided by the projected MCF sales and delivery volumes during the determination period. The resulting unit rate per CCF shall be reflected in the rider factors effective with the first January billing month following the end of the reconciliation period.

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Chesapeake Utilities Corporation

Maryland Division

First Revised Sheet No. 46

RATE SCHEDULE "MFTR"

MARYLAND FRANCHISE TAX RIDER

PROVISION

In compliance with the Maryland 1999 Electric and Gas Utility Tax Reform Act ("Tax Reform Act"), effective January 12, 2000, this Maryland Franchise Tax Rider shall be applicable to Rate Schedule "RS" – Residential Service, Rate Schedule "GS" – General Service, Rate Schedule "MVS" – Medium Volume Service, Rate Schedule "LVS" – Large Volume Service, Rate Schedule "HLFS" – High Load Factor Service, Rate Schedule

“GCR” – Gas Cooling Service, Rate Schedule “GCO” – Gas Cooling Service, Rate Schedule “GLS” – Gas Lighting Service, and Rate Schedule “IS” – Interruptible Service. The Tax Reform Act permits the public service companies in Maryland to surcharge its customers to recover the public service company franchise tax.

APPLICABILITY

The Maryland Franchise Tax Rider is applicable to all firm and interruptible Delivery Service customers of the Company based on the amount of natural gas delivered to the customer for final consumption in the State of Maryland. Any individual industrial customer that uses natural gas in a production activity at the same location in the State of Maryland, may claim exemption from the Maryland Franchise Tax Rider.

RATE

As specified in the Tax Reform Act, the rate applicable to all firm and interruptible Delivery Service customers' final consumption is \$0.00402 per therm. This is equivalent to a billing rate of \$0.0042 per Ccf using a Btu factor of 1.035 in the conversion of the per therm rate to the per Ccf rate.

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