TITLE PAGE

P.S.C. DEL. NO. 5



OF DELAWARE, INC.

RULES AND REGULATIONS

GOVERNING THE DISTRIBUTION

AND SALE OF GAS

BY

CHESAPEAKE UTILITIES

CORPORATION IN

NEW CASTLE, KENT & SUSSEX

COUNTIES, DELAWARE

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CHESAPEAKE UTILITIES
CORPORATION DELAWARE DIVISION

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MISCELLANEOUS AND GENERAL INFORMATION

Company Information:

Chesapeake Utilities of Delaware, Inc. is principally engaged in the distribution and sale of natural gas. Its operations are entirely within the State of Delaware.

Tariff Applicability:

The terms and conditions, rate schedules, forms of service, agreements, and other provisions of this Tariff shall apply to Gas Sales and Gas Transportation Service, as applicable rendered by the Company through its distribution systems as now constituted and as they may be enlarged or extended.

MISCELLANEOUS AND GENERAL INFORMATION CONTINUED

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 of Delaware, Inc. to its Customers, is on file with the Public Service Commission of Delaware and is posted and open for inspection. The Tariff is supplementary to the Department of State Public Service Commission Title 26 regulations.

2. **Revisions:**
   This Tariff may be revised, amended, supplemented and otherwise changed from time to time in accordance with the Delaware Administrative Code, and such changes, when effective, shall have the same force and effect as the present Tariff.

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

4. **Rules and Regulations:**
   The Rules and Regulations, filed as a part of this Tariff, are a part of every contract or agreements 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.

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.

LIST OF COUNTIES SERVED

CUC Delaware Service Area:	County
	New Castle
	Kent
	Sussex

TECHNICAL TERMS AND ABBREVIATIONS

When used in Rules and Regulations or the rate schedules contained in this volume, the following terms shall have the meanings defined below.

Agent. A contractually authorized Marketer or Designee of Customer under these Rules and Regulations.

Aggregated Transportation Service. Transportation Service provided by Company to those Customers assigned to the applicable Customer Pool wherein the authorized Pool Manager causes Gas to be delivered to Company for transportation to the Customer Accounts.

Aggregated Transportation Service Agreement. An agreement between the Company and the authorized Pool Manager establishing terms and conditions for the management of a CI Customer Pool.

Alert Day. Any Gas Day where Company notifies, Customer, Pool Manager, or Shipper's Designee of restrictions on the deliveries of Gas within certain specified tolerances.

Alternate Fuel. Any source of energy other than Gas delivered through Company's distribution facilities.

Application for Service. A request for service made to the Company by a prospective Customer. Applications for residential service may be made by telephone or in writing. An application for any other class of service offered by the Company shall be submitted in writing on the Company's Natural Gas Service Agreement.

Atmospheric Pressure. Fourteen and seventy-three hundredths (14.73) pounds to the square inch, irrespective of actual elevation or location of the point of measurement above sea level or variations in Atmospheric Pressure from time to time.

British Thermal Unit (Btu). The quantity of heat required to raise the temperature of one pound (avoirdupois) of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch.

Business Day. The weekdays Monday through Friday, exclusive of federal banking holidays and the first Day after Thanksgiving Day, and the Day prior to Christmas Day, unless notified otherwise.

TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED

CI Cycle Read Pool. That group of certain Aggregated Transportation Service Customers who have, (i) executed a Letter of Authorization with a Company approved Pool Manager to utilize Transportation Service through an aggregated Customer Pool and (ii) who have field meters that are "manually" read by the Company on a scheduled monthly cycle, approximately once per month.

CI Daily Read Pool. That group of certain Aggregated Transportation Service Customers who have (i) executed a Letter of Authorization with a Company-approved Pool Manager to utilize Transportation Service through an aggregated Customer Pool, and (ii) who have electronic measurement devices that are downloaded daily by the Company.

Company. Chesapeake Utilities of Delaware, Inc., acting through its duly authorized officers or employees within the scope of their respective duties.

Company Delivery Point or Company Point of Delivery.
The point at the interconnection between the facilities of Company and a Customer at which the Gas leaves the outlet side of Company's custody transfer point and enters the Customer's installation.

Company Receipt Point. The point at the connection of the facilities of Transportation Service Provider and Company at which the Gas leaves the outlet side of Transportation Service Provider's custody transfer point and enters the Company's facilities.

Company's Regulated Sales Service Pool. The group of Company Customers who purchase their Gas supply directly from the Company and pays the Company's Gas Sales Service Rates ("GSR") listed in this Tariff.

Cubic Foot of Gas. For purposes of measurement herein shall be determined as follows:

a. When Gas is metered at the Standard Delivery Pressure, a Cubic Foot of Gas shall be defined as the specific volume of gas which, and pressure existing in the Meter, occupies one (1) cubic foot.

b. When Gas is metered at other than the Standard Delivery Pressure, a Cubic Foot of Gas shall be defined as the volume of Gas which, at a Flowing Temperature of sixty degrees Fahrenheit (60°F.), and at an absolute pressure of 14.73 pounds per square inch, occupies one cubic foot.

TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED

Customer. Any person, business, or other legal entity receiving natural gas distribution service, transportation service, or other service specific in this Tariff.

Customer Installation. Customer owned facilities, located on the outlet side of the Company's Delivery Point, constructed to receive gas service from Company.

Customer Pool. The group of Customers who are collectively served by a Company-approved Pool Manager(s) in accordance with the applicable provisions of the Company's Aggregated Transportation Service program(s).

Curtailment. The suspension of gas service provided by Company to affected Customers, in accordance with the provisions of the Company's end use Curtailment plan and included in this Tariff.

Daily Capacity (release) Quantity (DCQ). The quantity, in Dekatherms, of Transportation Service Provider pipeline capacity to be released to Customer's Pool Manager and Pool Manager is required to acquire for delivery by Pool Manager to the Company on a daily basis.

Daily Delivered Capacity (release) Variance (DDCV). The quantity of capacity, if any, each Pool Manager must deliver that is in addition to the quantity of firm capacity released by the Company to Pool Manager to meet Pool Manager's Customer Pool's aggregated Daily Demand Requirement i.e., the mathematical difference between each Pool Manager's specific Customer Pool's aggregated Daily Demand Requirement and Pool Manager's aggregated Daily Capacity (release) Quantity.

Daily Demand Requirement (DDR). The total demand requirement for any given day of all Customers participating in a Customer Pool.

Dekatherm (Dkt). 1,000,000 Btu's or ten (10) Therms.

DPSC. Delaware Public Service Commission.

FERC. Federal Energy Regulatory Commission.

Flowing Temperature. The arithmetical average of the temperature of the gas flowing through the Meters as recorded by a recording thermometer installed at the point of measurement. Where such installation is not provided, the Flowing Temperature of the gas shall be assumed to be sixty degrees Fahrenheit (60°) F.

TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED

Gas. Natural Gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

Gas Day. A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

Gas Month. A period beginning 9:00 a.m. Central Clock Time on the first Day of a calendar Month and ending at 9:00 a.m. Central Clock Time on the first Day of the succeeding calendar Month.

Gas Service Facilities. The Service Line, Meter, regulator, and all appurtenances thereto necessary to convey Gas from the Company's Main to the Company's Delivery Point.

Letter of Authorization ("LOA"). An agreement executed by Customer and Customer's selected Pool Manager, which i) authorizes Company to assign Customer to its selected Pool Manager's Customer Pool, ii) affirms Customer acceptance of Company's Tariff provisions, and iii) affirms Pool Manager's acceptance of Company's Tariff provisions.

Main. The pipe and appurtenances installed in an area to convey Gas to other Mains or to gas service Facilities.

Maximum Allowable Operating Pressure (MAOP). The maximum pressure, in pounds per square inch gauge (p.s.i.g.), allowed by applicable code, regulation, or product specification, or the operation of any specific portion of Company's distribution system.

Maximum Daily Transportation Quantity (MDTQ). The maximum quantity of Gas that the Company is obligated to transport and make available for delivery to Customer or Pool Manager under any applicable Transportation Service Agreement for Transportation Service on any one Day.

Meter. Any device or instrument for measuring and indicating or recording the volume of Gas passing through it.

MMBtu. 1,000,000 Btus, deemed equivalent to one Dekatherm (Dkt).

Month. The period between any two (2) regular readings of Company's Meters at approximately thirty (30) Day intervals.

Monthly Imbalance Quantity. The operational imbalance amount for a billing period for an individual Customer or group of Customers in a Customer Pool.

TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED

Nomination. A request by a Customer, Pool Manager, or Shipper's Designee to a Transportation Service Provider and Company for receipt and delivery of a physical quantity of Gas pursuant to Transportation Service Providers' and or Company's Tariff.

Operational Flow Order. Any Gas Day where Company notifies Customer, Pool Manager, or Shipper's Designee of conditions that could threaten the safe operation or system integrity of the Transportation Service Provider and / or Company or where Customer's, Pool Manager's, or Shipper's Designee's Gas deliveries are required to be within certain specified hourly or daily Gas flow quantities.

Pool Manager. An entity, authorized in accordance with the provisions of this DPSC-approved Tariff, that provides gas supply, Transportation Service Provider pipeline capacity management and other related services for those Customers receiving service under the Company's Aggregated Transportation Service program(s).

Primary Delivery Point(s). Delivery Point(s) listed in Customer's Transportation Service Agreement, or Pool Manager's Aggregated Transportation Service Agreement.

Primary Receipt Point(s). Point(s) of Receipt listed in Customer's Transportation Agreement or Pool Manager's Aggregated Transportation Service Agreement.

Receipt Point. The point at the interconnection between the facilities of the Transportation Service Provider(s) and upstream system at which the Gas enters the facilities of the Transportation Service Provider(s).

Relinquishment. The release of firm capacity right(s) pursuant to the Rules and Regulations in this Natural Gas Tariff and FERC rules.

Request for Gas Sales or Transportation Service. Company's Natural Gas Service Agreement which, when properly executed by a prospective Customer, requests Gas Service from the Company.

Retainage. A percentage of Customer's or Customer's Agent's Gas that is applied to a Nomination to adjust for Gas lost and unaccounted for within the Company's distribution system. The Retainage factor shall be determined annually and will be the five-year average.

Service Line. All piping between the Main tap up to and including the first valve or fitting of the Meter or regulator setting.

TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED

Shipper. Customer or Pool Manager who has executed a Transportation Service Agreement or an Aggregated Transportation Service Agreement, and who has acquired capacity with a Transportation Service Provider.

Shipper's Designee. A contractually authorized Marketer or Agent of an Individual Transportation Service Customer under these Rules and Regulations who is appointed by Customer and approved by Company to perform the obligations of an INDTS Customer or Pool Manager on the Company's system such as invoicing and payment, nominations, monthly imbalance resolution or operator order responsibility.

Standard Delivery Pressure. Standard Delivery Pressure Gas will be 14.95 pounds per square inch gauge.

Sub-metering. The practice of installing additional metering equipment beyond the Company installed utility Meter.

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

Therm. A unit of heating value equivalent to one hundred thousand (100,000) British Thermal Units.

Total Heating Value. The number of British Thermal Units produced by combustion in a recording calorimeter at a constant pressure of the amount of gas which would occupy a volume of one (1) cubic foot at a temperature of sixty degrees Fahrenheit (60°F.) if saturated with water vapor, and under a pressure equal to that of thirty inches (30") of mercury at thirty-two degrees Fahrenheit (32°F.) and under standard gravitational force (acceleration 980.665 centimeters per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.

Company will determine a monthly average heating value of natural gas to be effective as of the first Day of each Month. Said monthly average heating value will be in effect on a calendar Month basis. It will reflect the average monthly heating value of the natural gas delivered to Company during the second preceding calendar Month.

Transportation Service. The service provided by Company where Customer-owned Gas is received by Company from a Transportation Service Provider at the Company Receipt Point(s), transported through Company's distribution system, and delivered by Company at the Company's Delivery Points to Customer.

TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED

Transportation Service Agreement. The fully executed Transportation Service Agreement or Negotiated Contract Rate Agreement between Company and Customer.

Transportation Service Provider. Any interstate pipeline, intrastate pipeline, or local distribution company that transports Gas to Company's Receipt Point(s).

Transportation Service Provider Delivery Point(s). The point at the connection of the facilities of Transportation Service Provider, at which the gas leaves the outlet side of the measuring equipment of Transportation Service Provider and enters an off-system facility.

Upstream Pipeline Capacity Costs. Expenses incurred by the Company including but not limited to reservation, demand, usage, commodity, fuel, and applicable fuel charges incurred by the Company as a result of Company's contractual arrangements with Transportation Service Provider(s).

Working Day. Shall have the same meaning as Business Day, previously defined herein.

TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED

RESERVED FOR FUTURE USE

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RULES AND REGULATIONS

A. CLASSIFICATION OF CUSTOMERS, POOL MANAGERS, AND SERVICES

1. Classification of Customers:
   a. Residential Customers:
   Applies to Customers receiving Gas service from the Company for use in a single-family dwelling or building, or in an individual flat, apartment or condominium unit in a multiple family dwelling or building or portion thereof occupied as the home, residence or sleeping place of one or more persons. Also applies to Gas used in commonly owned facilities of condominium associations, cooperative apartments, and homeowner associations subject to the following criteria:

      i. 100% of the Gas is used exclusively for the co-owner's benefit.
      ii. None of the Gas is used in any endeavor that sells or rents a commodity or provides a service for a fee or otherwise engages in a commercial or Industrial enterprise.
      iii. Each Customer premise is separately metered and billed.
      iv. A responsible legal entity is established as the Customer to whom the Company can render its bills for said service.

   b. Commercial Customers:
   Applies to Customers receiving gas service from the Company engaged in selling, warehousing or distributing a commodity, product or service in some business activity or in a profession, or in some other form of economic or social activity (offices, stores, clubs, hotels, etc.)

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   c. Industrial Customers:
   Applies to Customers receiving gas service from the Company engaged in a process which creates a product or changes raw or unfinished materials into another form of product, or which involves the extraction of a raw material from the earth (factories, mills, distilleries, machine shops, wells, refineries, plants, etc.).

   d. Natural Gas Vehicle Customers:
   Non-Residential Customers receiving gas service through a separate Meter for compression and delivery (through the use of equipment furnished by Customer) into motor vehicle fuel tanks or other transportation containers.

RULES AND REGULATIONS - CONTINUED

e. Special Purpose Customers:
Customers receiving gas service from the Company that do not meet the definition for any of the above Customer Classifications.

f. Alternate Fuel Customers:
Applies to any Commercial or Industrial Customer whose annual metered gas volume exceeds 25,000 Therms, and who has the continuing capability to utilize an Alternate Fuel which displaces natural Gas delivered by the Company. Alternate Fuel Customers shall by contract, in writing, provide from time to time sufficient evidence of the Alternate Fuel price to warrant an adjustment in the Company's rate for the Rate Schedule under which the Customer receives gas service. In all cases where continuous operation of a Customer's facility is necessary, the Alternate Fuel Customers shall, continuously maintain the capability to utilize a supply of Alternate Fuel of sufficient quantity to allow the Curtailment of Gas service without adversely impacting Customer's operation.

g. Demand Side Management Customers:
Customer with or without Alternate Fuel capabilities, whose average winter daily metered Gas Volume exceeds 1,500 Therms and 100,000 Therms annually, and who, by an NCR contract in writing, agrees to periodically curtail their gas service and discontinue operations to the benefit of other distribution system Customers, may be designated a Demand Side Management Customer. Such Customers may be deemed eligible to receive service under the Company's Negotiated Contract Rate Transportation Service or Special Contract provisions.

2. Classification of Pool Managers:

a. CI Pool Manager:
Any Company-approved Pool Manager or Shipper Designee that is authorized to deliver Gas to Company's Receipt Point(s), which is subsequently delivered by Company at the Company Delivery Point(s) to Commercial, Industrial, and/or Special Purpose Customers.

3. Classification of Services:

a. Regulated Sales Service:
Gas sales made by the Company through Company's Gas Sales Service Rates cost recovery mechanism. This service is required for all Residential Customers.

RULES AND REGULATIONS - CONTINUED

b. Transportation Service:
Transportation Service optional for Non-Residential Customers who use a minimum of 15,000 Therms annually. Transportation Services will be provided under Company's Individual or Aggregated Transportation Service Program(s), in accordance with the Rules and Regulations set forth in this Tariff.

For the purposes of meeting the 15,000 Therm threshold, Customer may aggregate consumption for accounts it holds for meters located on contiguous premises and or are poultry integrators.

Transportation service consists of the following components and associated charges: i) a transportation of the Customer-owned Gas through pipeline systems upstream of the Company including the interstate pipeline system 'of Eastern Shore Natural Gas Company ("ESNG"). Customers utilizing transportation service will be billed for delivery service and a one-time transition charge (or credit) for under (or over) collection of gas costs from prior periods, and other charges applicable for the rate schedule under which they are served.

i. Individual Transportation Service:
Individual Transportation Service (INDTS) is available to Customers who are served under Company's NCR rate schedule and Special Contract Customers. Individual Transportation Service Customers are required to execute a Transportation Service Agreement, or the applicable Negotiated Contract Rate Agreement with the Company.

ii. Aggregated Transportation Service (CI Transportation Service):
Unless otherwise authorized by Company, all Non-Residential Customers who choose to utilize the Company's transportation service shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s).

iii. Negotiated Contract Rate Service (NCR):
Transportation Service provided to Customer that has i) competitive options and or ii) agrees to allow the Company to manage Customer's demand and that has executed an NCR Service Agreement which is accepted by the Company.

c. Special Contract Service (SCS):
Transportation Service provided to Customer, at the sole option of the Company, where the rates, terms and conditions for service may be different than those set forth in the Company's approved Tariff. All SCS Customers shall enter into a Special Contract Agreement with the Company, which is subject to the approval of the DPSC.

RULES AND REGULATIONS - CONTINUED

d. Pool Manager Services:

i. Shipper Administrative Service (SAS):
Administrative service provided to a Pool Manager under the SAS rate schedule, in accordance with the Rules and Regulations ser forth in this Tariff. The Company shall provide the following services to Pool Managers under the SAS; i) reading of Customer's Meters, ii) provision of Customer projected monthly usage information, along with Transportation Service Provider capacity quantity to be released to Pool Manager, iii) provision of Customer usage information to Pool Manager each Month, iv) retention of Customer's historical usage information, v) Letter of Authorization review and administration, and vi) other service as the company may determine necessary to administer Gas deliveries by Pool Managers to Customers. This service is required for CI Pool Manager. Billing Adjustments and Taxes and Fees, as set forth on Sheet Nos. 7.300 - 7.409, may also apply.

ii. Balancing Service Rider:
The Company will balance normal fluctuations between Pool Manager daily Gas deliveries and their Customer's daily gas consumption requirements. This service shall be billed to the Pool Manager through a load balancing charge.

RULES AND REGULATIONS - CONTINUED

B. SERVICE REQUESTS

1. Request for Service:
   A prospective Customer may request Service by:

   a. Applications for service may be made by telephone or in writing to the Company
   b. Electronic request to the Company's website (www.chpkgas.com), or
   c. If required by the Company, by submission to the Company a completed Gas Service Agreement.
   d. Certain applicants may be required to execute a Letter of Authorization or a Gas Transportation Service Agreement.

2. Commencement of Service:
   Completion of an application or the deposit of any sum of money by the prospective Customer shall not require Company to render Service until the expiration of such time as may be reasonably required by Company to determine if such prospective Customer has fully complied with the provisions of Company's applicable Customer Rules and Regulations and as may reasonably be required by Company to install the required facilities to render Service to such prospective Customer.

3. Withholding of Service:
   Company may withhold initiation of service requested by any Customer until such Customer has paid all indebtedness for Service to the Company and such Customer has complied with all applicable Rules and Regulations.

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

   a. Until the Customer has complied with the state and municipal regulations governing gas service.
   b. If such service is of a character that it is likely to unfavorably affect service to other Customers.
   c. Service at a new location will be rendered only when all bills for gas service to the Customer at any other location(s) have been paid.

RULES AND REGULATIONS - CONTINUED

5. Connection and Re-Connection Charge:
   For connections or reconnections, Customer shall pay to Company an approved Connection or Re-Connection Charge set forth in the "Miscellaneous Service Charges" section of this Tariff, for initiation or restoration of Service. The Company shall bill the Customer an approved Change of Account Charge for reading the Meter at a premise where there is a change of Customer occupancy.

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

RULES AND REGULATIONS - CONTINUED

C. DEPOSITS AND SECURITY

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

The Customer has been a Customer of the Company or other similar Delaware utility in the past two (2) years and;

paid the final bill when due, and

i. did not on more than two (2) occasions during the last twelve (12) consecutive months have a bill unpaid after a reasonable period of time after the due date, and
ii. did not have service discontinued for non-payment, and
iii. can provide the Company with a letter from the last utility substantiating a good payment history; or
iv. The Customer owns or is purchasing the residence for which the gas service is requested; or,
v. The Customer can provide a guarantor satisfactory to the Company. This guarantee shall be in writing and must continue in full force and effect for one (1) year from installation date of the service or until Customer's credit is otherwise established, or

The Non-residential Customer possesses and maintains an Experian Intelliscore of sixty (60) or above, or

The Non-residential Customer possesses and maintains at least an investment grade bond/long-term debt rating from either Standard and Poor's or Moody's. Comparable ratings may be considered from other nationally recognized rating organizations acceptable to the Company. In the event Customer whose annual gas consumption exceeds one hundred thousand (100,000) Therms, does not possess a debt rating or the rating is below investment grade, credit may be established, at the sole discretion of the Company, by the Customer's demonstration of adequate financial strength and stability. The Company may evaluate the Customer's creditworthiness by review of at least two (2) years audited financial statements, accompanied by the opinion of an independent certified public accountant or chartered accountants of recognized national or regional standing, and such other known or discovered factors relating

RULES AND REGULATIONS - CONTINUED

Deposits and Security Continued

to the Customer's creditworthiness.

The Customers for which credit is established pursuant to this Section C are subject to periodic review by the Company to assure that no material changes adversely affecting the Customer's creditworthiness have occurred. In the event a material change has occurred, or the Customer has paid its account with a check dishonored by a bank, the Company may request that credit be established by (i) cash deposit, or (ii) irrevocable letter of credit from a bank, or (iii) surety bond.

Notwithstanding anything stated herein to the contrary, a security deposit shall be required if the Customer has been disconnected by the Company for non-payment within the nine (9) months prior to the Customer's application for service.

When none of the above conditions are met or service has been discontinued the Customer shall make a deposit with the Company subject to the following:

Amount of deposit required may not be more than two-twelfths (2/12) of the estimated charges for the ensuing twelve (12) months, nor less than five dollars ($5). Residential deposits in excess of one hundred dollars ($100) may be made with an initial deposit of one hundred dollars ($100) with the remainder to be paid over the ensuing four (4) week period.

Interest on a deposit shall be simple interest at an annual rate equal to the average of the percent yields of the 1-year Treasury constant maturities for September, October, and November of the preceding year. Interest will be paid at the time the deposit is returned. The deposit ceases to draw interest on the date service is terminated, or in the case of good credit, the date the deposit is processed for refund. No interest will be paid on deposits held less than ninety (90) days.

Deposits will be refunded to residential Customers following payment of twelve (12) consecutive bills without arrears.

Refund of deposit upon discontinuance of service will occur promptly and automatically for the deposit and accrued interest less the Customer's final outstanding balance. A transfer of service from one premises to another within the service area may not be deemed a discontinuance of service.

At the option of the Company a deposit plus accrued interest may be refunded in whole or in part, at any time earlier than the times prescribed in this Tariff.

RULES AND REGULATIONS - CONTINUED

Deposits and Security Continued

Commercial deposits will be returned when, in the Company's judgement, such deposit is no longer required.

D. CUSTOMER'S INSTALLATION

1. General:
   Customer's Installation shall be constructed, installed, and maintained in accordance with standard practice as determined by local codes and ordinances, these Rules and Regulations, and other applicable governmental requirements.

2. Inspection of Customer's Installation:
   Where governmental inspection of a Customer's Installation is required, Company will not supply service to such installation until the necessary inspections have been made and Company has been authorized to provide service.

   Company may also inspect Customer's Installation prior to rendering service, and from time to time thereafter, but assumes no responsibility whatsoever as a result of having made such inspection. Company will not render service to any Customer Installation which Company finds to be hazardous, or in noncompliance with any applicable code, ordinance, regulation, or statute.

   Company will withhold or discontinue service to Customer's Gas equipment whenever it finds a hazardous condition or a condition that is in violation of a code, ordinance, regulation or statute governing the installation or use of Gas equipment or Customer's Installation, and service will be rendered or restored only when the hazardous condition or noncompliance has been corrected.

3. Changes in Customer's Installation:
   A Customer shall notify Company of any change in Customer's requirements for service and receive authorization from Company prior to making any such change so that Company may be in a position to meet Customer's requirements. Customer will be liable for any damage resulting from violation of this rule.

4. Right of Way:
   Customer shall make or procure satisfactory conveyance to Company, of all necessary easements and rights-of-way, including right of convenient access to Company's property, for furnishing adequate and continuous service or the retirement of Company's property upon termination of service.

5. Protection of Company's Property:
   Customer shall properly protect Company's property on Customer's premises, and shall permit no one but Company's employees or agents, or persons authorized by law, to have access to Company's piping, Meters, or apparatus. In the event of any loss or damage to Company's property caused by or arising out of carelessness or misuse thereof by Customer, Customer shall pay to Company the cost of replacing such loss or repairing

RULES AND REGULATIONS - CONTINUED

Protection of Company's Property Continued

such damage. This section does not apply to Customer's check meter if one is installed.

6. Operation of Company's Facilities:
No Customer or other person shall, unless authorized by Company to do so, operate or change any of Company's Facilities.

7. Access to Premises:
The Company or its duly authorized agents shall have access at all reasonable hours to the premises of the Customer for the purpose of installing, maintaining, inspecting or removing the Company's property, reading Meters and such other purposes as are incident to rendering or terminating gas service to the Customer. In such performance the Company and its Agents shall not be liable for trespass.

   Failure of Customer to provide safe access to Company facilities for Company employees or duly authorized agents may result in the discontinuance of Gas service and or the refusal by the Company to establish Gas service. Customer shall be responsible for all incremental costs incurred by the Company when service discontinuance or the establishment of gas service has been or must be accessed by the Company at the interconnection of Company's Gas main and service line.

8. Indemnity to Company:
The Customer shall indemnify, hold harmless and defend the Company from and against all liability, proceedings suits, cost or expense for loss, damage or injury to persons or property, in any manner directly or indirectly connected with or growing out of the transmission and use of Gas by the Customer at or on the Customer's side of the Company's Delivery Point.

9. 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.

RULES AND REGULATIONS - CONTINUED

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

11. Grading:
Rights-of-way, easements and service routes must be cleared and graded to within six (6) inches of final grade by the applicant including certification by the applicant that such grade has been maintained by the applicant during construction by the Company.

12. 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.

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

14. 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.

15. Inspection and Testing of Service Line or House Piping:
All service lines and house piping and any alterations, additions or renewal 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.

16. 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.

RULES AND REGULATIONS - CONTINUED

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

RULES AND REGULATIONS - CONTINUED

E. SERVICE CONNECTIONS

1. Company reserves the right to designate the locations and specifications for the Main line taps, Service Lines, curb valves, Meters, regulators, and appurtenances and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof.

2. Applicant may request an alteration of such a designation but, if consented to by Company, the excess cost of such revised designation over and above the cost of the original Company design shall be borne by Applicant.

3. The Service Lines, curb valves, Meters and regulators or governors will be installed and maintained by Company and shall remain the property of Company.

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

5. Company reserves the right to postpone to a more favorable season the extension of Mains and connection of Service Lines during seasons of the year when climatic conditions would cause abnormally high construction costs.

RULES AND REGULATIONS - CONTINUED

F. FACILITY EXTENSIONS

1. Main and Service Line Extensions:
   a. A written application and contract will be required for each new service pipe connection to the Company's supply mains. The Company will install free of charge a combined one hundred feet (100) of main and or service pipe for a new single family residence ready to take service. The Company will apply the Internal Rate of Return Model ("IRRM") filed with the Commission to new residences whose main and service exceeds the footage allowances.

   b. For builders, land developers, commercial and industrial installations, main and service line extensions in excess of those pursuant to Section (a) above will be determined by the Company using the IRRM filed with the Commission.

   c. Where required facilities are in excess of the main and or service pipe allowance the customer shall be required to pay all or part of the cost in excess of the investment that the utility prudently can make in consideration of the probable revenue.

      i. Financial Guarantees:
      Financial guarantees may be made by a Contribution in Aid of Construction ("CIAC"), a Customer Advance, a Letter of Credit, or other financial guarantee at the Company's discretion. Should the Customer provide a Customer Advance, the Company will provide, in a written agreement with the Customer, for refunds (without interest) of all, or part, of the monies advanced by the Customer in connection with the extension and the applicable economic evaluation criteria. Refunds to the Customer shall extend over a term of years, not to exceed six (6) years, upon such basis or conditions as may be mutually agreeable to the Company and the Customer, and specified in the written agreement. In no case shall the total refund be greater than the Customer's deposit. Any portion of the deposit remaining after the expiration of the term as specified in the written agreement shall be retained by the Company and credited as a Contribution In Aid of Construction. Should the Customer provide a Letter of Credit or other financial guarantee, the estimated revenue attributable to the extension shall be examined prior to the expiration of the Letter of Credit or other financial guarantee. The Company may either draw on the Letter of Credit or other financial guarantee or require that it be renewed, where a continued financial guarantee is still required.

RULES AND REGULATIONS - CONTINUED

2. Permit and Right of Way Conditions:

   a. When a permit is required for street opening to install service pipe, or a charge is made for repaving, payment therefore will be made by the Company.

   b. When Customers are so located that they can be served only by facilities extending through private property, they shall pay for the construction on said private property and they shall accept service for such term as is provided in the permit or agreement covering the location and maintenance of such facilities. Customers shall assume the obligation of any special or rental charges that may be made for such rights by said permit or agreement provided the Company is unable to secure the proper easement over said private property.

3. Obligation to Extend Security for Expansion Projects:

   Notwithstanding the provisions in Section C - Deposits and Security of this Tariff in lieu of the requirements below, Customer shall furnish to Company security acceptable to Company to secure the payment to Company of all costs incurred by Company for the design, engineering, permitting, construction, completion, testing, and placing in service of the expansion project which have not been recovered by Company through the distribution or transportation charges payable by Customer.

4. Distribution Facilities Extension Options:

   a. Minimum Volume Commitment:
   The Company may require a commitment from the Customer to take or pay for a minimum volume of Gas as deemed appropriate by the Company given the circumstances of facility cost and/or the service requirements of a particular Customer.

   b. New Residential Developments:
      i. The economic evaluation criteria for installing natural Gas service to a new residential development will be based on the IRRM filed with Commission.

      ii. When evaluating potential multi-family housing projects, if the IRRM demonstrates that the anticipated revenues warrant an investment greater than the cost of the main extension and service connection, then the Company may, at its
      sole discretion, provide a contribution to the Customer to offset costs incurred for the installation of gas piping and venting in the building. The

contribution provided by the Company may not exceed 50% of the net present value of savings from a project and, in any event, may not exceed the actual cost for installation of gas pipe and venting in the premise. The net present value of savings from a project is the maximum amount of investment that could be added to the cost of the project without rendering the project uneconomic. The Company has an aggregate cap on all such contributions of $250,000 per calendar year. A project will be determined to be a multi-family project if there are at least four (4) individually metered dwelling units in one premise.

iii. When providing a contribution to offset costs related to the installation of gas piping and venting, the Customer bears all responsibility for proper installation and maintenance of all pipe beyond the Company's meter.

5. Temporary Service:
In the case of temporary service for short-term use, Company may require Customer to pay all costs of making the service connection and removing the material after service has been discontinued, or to pay a fixed amount in advance to cover such expense; provided, however, that Customer shall be credited with reasonable salvage realized by Company when service is terminated.

6. Excess Flow Valve ("EFV"):
A Customer who qualifies pursuant to 49 CFR Section 192 and or has a service line that is two (2) inches in diameter or less and has a system minimum pressure of ten (10) pounds per square inch gauge or more may request installation of an EFV at the Customer's expense. The charge to 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.

7. Relocation of Distribution Facilities:
When alterations or additions to structures or improvements on premises to which Company provides service necessitate the relocation of Company's distribution facilities, or when such relocation is requested by Customer for any reason, Customer may be required to reimburse Company for all or any part of the costs incurred by Company in the performance of such relocation. Payment of the amount of cost, as estimated by the Company, shall be made in advance.

8. Ownership of Property:
The Company shall own, operate, and maintain all service pipes, regulators, vents, Meters, Meter connections, valves, and other apparatus from Company Mains to the outlet side of the Meter and shall have a perpetual right of ingress and egress.

RULES AND REGULATIONS - CONTINUED

G. METERING

The Company, at its expense, will make periodic tests and inspections of its meters.

1. Use of Meters and Measuring Equipment:
    a. The Company shall provide, install, and properly maintain at its own expense such Meter or Meters, recording devices and metering equipment necessary to measure the quantity of Gas used by the Customer. Customer will safeguard Company's equipment and facilities located on Customer's property and will not permit unauthorized persons to operate or alter such Company-owned or controlled equipment or facilities in any manner.

    b. The Customer, upon thirty (30) days-notice to Company, may install, maintain and operate at Customer's expense such check measuring equipment on Customer's Installation as desired provided that such equipment shall be so installed as not to interfere with the safe and efficient operation of Company's equipment. No Gas shall be Sub-metered or further distributed by Customer for purpose of resale unless approved by Company or the DPSC.

    c. Company may furnish and install such regulating and/or flow control equipment and devices as it deems to be in the best interest of the Customer served, or in the best interest and/or function of the Company's distribution system in general.

    d. Only duly authorized agents of the Company or persons authorized by law shall set or remove, turn on or turn off, or in any way handle Company's Meters. Only Company's duly authorized agents shall make connections to the Company's system. Unauthorized connections to, or tampering with, the Company's Meter or metering equipment, or indications or evidence thereof, subjects the Customer to immediate discontinuance of service, prosecution under the laws of the State of Delaware, adjustment of prior bills for service furnished, and reimbursement of the Company for all expenses incurred on Customer's account.

2. Remote Telemetry Installation:
    a. Sales Service Customers:
    At the sole discretion of the Company, Company may install, at the Company's expense, a (non-ERT) remote reading device on all Customer's receiving sales service with annual consumption of at least one hundred thousand (100,000) Therms annually.

RULES AND REGULATIONS - CONTINUED

b. Transportation Service Customers:
The Company shall install at Customer's expense, a remote reading device on all Customer's receiving transportation service for Customer's (except Summer Peaking Customers) whose average daily winter (December, January, or February) metered gas quantities exceeds 1,500 Therms per day.

c. All remote reading devices shall be owned, installed and maintained by the Company. When requested by a Customer below the annual consumption level above, and approved by the Company, a remote reading device may be installed at a cost payable by the Customer. If required, the Customer at Customer's expense, shall provide and maintain electrical power and telephone service to the remote reading device location.

d. A periodic verification reading shall be taken on the meter and the remote reading device.

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

3. Location of Meters:
   a. The Customer shall furnish a convenient, accessible, and safe place in which the Meter and/or other such facilities can be installed, operated, and maintained without charge to Company. This location, as far as practical, shall be outside the building and free of excessive temperature variations or potential causes of damage that might affect Meter operation or accuracy.

   b. If changes in conditions on the Customer's premises adversely affect the convenience, accessibility or safety of the Meter location, the Customer shall be responsible for the cost of relocating the Meter, its appurtenances, and related piping to a location meeting the above requirements.

RULES AND REGULATIONS - CONTINUED

4. Non-registering Meters:

    a. 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.

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

RULES AND REGULATIONS - CONTINUED

H. MEASUREMENT

1. Determination of Volume:
   a. The volume and Total Heating Value of the Gas shall be determined as follows:

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

   b. Other than Low Pressure Volume - A standard cubic foot for measurement purposes shall be the volume of such cubic foot at the temperature of 60 degrees Fahrenheit and an absolute pressure of 14.73 p.s.i.a.

   c. The Average Atmospheric Pressure shall be assumed to be fourteen and seventy-three hundredths pounds per square inch absolute (14.73 p.s.i.a.) irrespective of actual elevation or location of the point of measurement or of variations in such Atmospheric Pressure from time to time.

3. Unit of Volume:
   a. Subject to the Technical Terms and Abbreviations of this Tariff, the Standard Delivery Pressure shall be 14.95 p.s.i.g. and the Standard Delivery Temperature shall be 60 degrees Fahrenheit.

   b. For purposes of billing computations, a Cubic Foot of Gas shall be that quantity which, at a pressure of 14.95 p.s.i.g. and a temperature of 60 degrees Fahrenheit, occupies one cubic foot.

   c. When deliveries are made at flowing pressures in excess of the Standard Delivery Pressure, metered volumes shall be corrected for such variation through utilization of recorded flowing pressure data, correction devices which are an integral part of the Meter installation, or by correction factors for fixed pressure deliveries.

   d. With respect to Gas delivered at High Pressure, flowing Gas temperature shall be assumed to average 60 degrees Fahrenheit for all measurement, unless Customer and Company agree otherwise. When an assumed Flowing Temperature of 60 degrees Fahrenheit is not used, the temperature shall be determined as the arithmetic average of Flowing Temperatures as recorded by a temperature recorder, if such a recorder is utilized, or through the use of correcting indices or

RULES AND REGULATIONS - CONTINUED

Unit of Volume Continued

temperature compensating meters, where recording or compensating devices are not installed, the temperature of the Gas shall be assumed to be the climatological 30-year average monthly temperature as established by the nearest National Oceanic and Atmospheric Administration Weather Bureau and published by the Department of Commerce.

e. Unless determined to be otherwise by a gravity balance, the specific gravity of the flowing Natural Gas shall be assumed to be 0.6.

f. When sales or transportation volumes are metered at pressures of 10 p.s.i.g. (pounds per square inch gauge) and over, and where such volumes are also corrected for Flowing Temperatures other than assumed 60 degrees Fahrenheit, such volumes shall be corrected for deviations from Boyle's Law by use of the appropriate super compressibility factor.

4. Billing Unit:
   a. The sales and transportation unit of Gas shall be the Therm, being 100,000 Btu's. The number of Therms billed to Customer shall be determined by multiplying the number of Cubic Feet of Gas delivered at 14.95 p.s.i.a. and 60 degrees Fahrenheit, by the Total Heating Value of such Gas and dividing the product by 100,000.

   b. The Total Heating value of the Gas delivered to Customer shall be determined as that reported periodically by Transportation Service Provider, provided such value is applicable to the Gas delivered to Customer, or such value shall be determined by Company by use of a calorimeter or other instrument suitable for heating value determination. The Total Heating Value shall be corrected to and expressed as that contained in the Unit of Volume addressed on Sheet. No. 6.200.

5. Pressure:
   a. Where the delivery pressure supplied by the Company is higher than Standard Delivery Pressure, Company will make reasonable efforts to maintain such higher-delivery pressure. Company does not undertake to deliver Gas at a pressure higher than the Standard Delivery Pressure throughout its service areas. Prospective Industrial and large Commercial Customers who desire to utilize Gas at pressures higher than the Standard Delivery Pressure should inquire of Company to determine the pressure that Company can make available at any given location in its service territory before obtaining any equipment requiring pressures higher than the Standard Delivery Pressure.

RULES AND REGULATIONS - CONTINUED

6. 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.

7. Quality of Gas:
   a. All Gas which Customer, Pool Manager, or Shipper's Designee cause to be received by Company at Company's Receipt Point(s) for transportation and delivery by Company shall conform to the quality and heating value specifications set forth herein. In addition to any other remedies available to Company, Company shall have the right to refuse to accept at Transportation Service Provider's Delivery Point(s) any Gas which fails to conform to such quality and heating value specifications.

   b. Gas delivered to the Company's system from an interconnected pipeline or other source shall be in conformance with the quality specifications as provided for in the Terms and Conditions in the Tariff of that pipeline interconnected to the Company's distribution system.

   c. The Company shall have the right to supply stand-by or peak shaving Gas of similar characteristics when necessary.

RULES AND REGULATIONS - CONTINUED

I. ASSIGNMENT OF RATE SCHEDULES

Customers:

1. Initial Rate Schedule Assignment:
   At the time of Meter activation or in the case of a new Customer at the time of signing, Company shall estimate the annual usage of Customer (based upon the connected gas consuming appliances or equipment) and shall assign Customer to the applicable rate schedule. Company shall not be required to make any refunds to Customers if actual annual usage is below the minimum usage level of the rate schedule assigned.

   Subsequent to service activation, the Customer shall be given reasonable opportunity to change to another Rate Schedule however, the Company shall not be required to make refunds for any previous billing under any Rate Schedules selected by the Customer prior to the time of receipt of a written notice from the Customer requesting to change to another Rate Schedule.

2. Rate Schedule Review
   Service under any rate schedule may be subject to review by the Company. If reviewed, the Company will determine the annual usage of each Premise at calendar year end and shall assign each Premise under review to the rate schedule that corresponds to the Premise's respective annual Therm usage. Premises with less than twelve months of billing history will not be re-classed into a different rate schedule. Such rate schedule assignments shall be effective with the first billing cycle in March and not more than one change in rates shall be made within any twelve-month period. The Company shall not be required to make any refunds to Customers if actual annual usage is below the minimum usage level of the rate schedule assigned. For any high load factor customers, the Company may apply a +2% variation to the 35% January to March requirement before moving the Customer out of the high load factor rate class during any rate schedule review.

Pool Managers:

1. SAS Rate Schedule:
   Upon initiation of service, all CI Pool Managers shall be assigned to the SAS rate schedule.

2. Balancing Service Rider:
   The Company will balance normal fluctuations between Pool Manager daily Gas deliveries and their Customer's daily gas consumption requirements. This service shall be billed to the Pool Manager through a load balancing charge.

RULES AND REGULATIONS - CONTINUED

Balancing Service Rider Continued

The Pool Manager shall use its best efforts, including ongoing communication with Customers to balance its daily gas purchases, nominations, and deliveries with daily Customer gas consumption requirements.

RULES AND REGULATIONS - CONTINUED

J. BILLING AND COLLECTING

1. Billing:

   a. Billing Periods:
   Bills are due upon presentation by the Company. Each Customer's Meter will be read at regular intervals and bills will be rendered on a monthly basis. Bills will be rendered as soon as practical after determination of their amount and shall be due and payable to the Company within twenty (20) days from the date of presentation by the Company.

   An initial period of less than ten (10) days is included in the following month's billing. If the period is ten (10) days or greater, a bill is rendered at the regular billing date. A final period from one (1) to forty-five (45) days shall be billed as one month.

   b. Non-Receipt of Bills:
   Non-receipt of bills by Customer shall not release or diminish obligation of Customer with respect to payment thereof.

   c. Calculation of Bill:
      i. A Meter or Meters at each Company Delivery Point will measure Customer consumption and the Company shall apply appropriate conversion factors (including Btu factor) to determine Customer's usage and the Monthly Rates set forth in the applicable rate schedule shall be applied to determine the amount of Company's bill for service. Each bill regardless of type shall be subject to the applicable taxes and Billing Adjustments identified in this Tariff.

      ii. If a Customer receives service under more than one rate schedule, the service rendered under each rate schedule shall be separately metered and separate bills shall be calculated. If a Customer receives service under a particular rate schedule but receives delivery thereof at more than a single Company Delivery Point, the Company shall consider such deliveries as separate service and will calculate separate bills.

2. Delinquent Bills:
   Bills are due when rendered and are delinquent in accordance with the rules established pursuant to this Tariff.

RULES AND REGULATIONS - CONTINUED

3. Estimated Bills:
   a. The Company may render estimated bills when i) no meter is installed, or ii) 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 iii) in case any meter or measuring device for any reason fails to register for any period of time the full consumption by a Customer, or (iv) the Company is unable to obtain a meter reading for causes beyond its control.

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

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

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

RULES AND REGULATIONS - CONTINUED

Disputed Bills Continued

5. In the event of unauthorized use, the Customer may be billed with a reasonable estimate of the gas consumed.

6. In the event of a Meter error, Company shall provide the corrected Meter readings for the applicable period defined above to the Customer, Shipper's Designee, or authorized Pool Manager to facilitate correction of the gas purchase bills provided to the Customer by their supplier.

7. Budget Billing Program (Optional):
   a. Residential Customers served under Rate Schedules RES, RES-1 EXP, RES-2 EXP, and RES-USA and Non-residential Customers served under Rate Schedule GS-1, GTS-1, GS-1 EXP, GTS-1 EXP, GS-1 USA, and GTS-1 USA may elect to make budgeted monthly payments of amounts due the Company to help stabilize monthly payments. To qualify for the Budget Billing Program, a Customer must be a year-round Customer with twelve (12) Months of consecutive bills and have zero balance owing when the Customer elects to participate in the Program. The Company may waive the zero balance requirement on a not-unduly discriminatory basis.

   b. If a Customer requests to make budgeted monthly payments, the initial budgeted monthly payment amount will be based on an average of the previous twelve (12) Months bills due the Company, including all applicable fees and taxes (excluding service charges and additional fees). The Company reserves the right to estimate increases or decreases over historical amounts in rate components (including taxes) to the account.

   c. After the Customer's budgeted monthly payment amount has been initially established, the Company may recalculate the budgeted monthly payment from time to time. If the recalculated budgeted monthly payment varies from the budgeted monthly payment amount, then in effect, the Company may begin charging the recalculated amount on Customer's next successive bill.

   d. The Customer's budgeted monthly payment will be recalculated on each anniversary of the Customer's initial participation in the program. On such recalculation, any credit and debit deferred balance will be recalculated in the following year's budgeted monthly payment calculation.

RULES AND REGULATIONS - CONTINUED

Budget Billing (Optional) Continued

e. An electing Customer's participation in the budgeted payment plan will be continuous unless the Customer requests that participation in the plan be terminated or that gas service be terminated, or the Customer is delinquent in paying the budgeted payment amount and becomes subject to the collection action on the service account. At that time, the Customer's participation in the program will be terminated and the Customer shall settle their account with the Company in full. If a Customer requests to terminate participation in the program, but remains a Customer of the Company, the Customer shall pay any deferred debit balance with their next regular monthly bill, and any deferred credit balance shall be used to reduce the amount due for the next regular monthly bill.

8. Payments:
   a. Payment Methods:
      Bills are due upon presentation by the Company. Customers may elect to pay their bill at an authorized payment agent listed on Company's website by cash, check, money order, credit card, debit card, automatic withdrawal from a bank account, or on-line via Company's website no later than twenty (20) Days from the date of presentation by Company.

   b. Customers may elect to pay their bill at a Company Authorized Payment Agent listed on Company website.

RULES AND REGULATIONS - CONTINUED

K. OBLIGATIONS OF COMPANY AND CUSTOMER

Obligations of Company:

a. Operation of Company's System:
Company shall use reasonable diligence in operating its system in order to insure a uniform and adequate delivery of Gas to meet Customers' requirements. Company is responsible for the sale of natural gas and transportation of Customer-owned Gas, as applicable, but is not responsible for providing Gas to those Customers electing to receive service pursuant to Company's transportation service programs.

b. Company's Obligation to Provide Transportation Service to Customers:
Notwithstanding all other applicable provisions of this Tariff and any Special Contract provisions to the contrary, Company shall be obligated to provide service to Customers if Customers' designated Pool Manager meets the delivery obligations as defined in this Tariff. In the event Customers' designated Pool Manager fails to meet said delivery obligations, the Company shall have no obligation to provide service to said transportation Customers.

c. Temporary Interruptions:
Company may temporarily shut off the Meter to the Customer's premises after reasonable notice for the purpose of making necessary repairs or adjustments to Company's distribution facilities, and will endeavor to make such interruptions, if required, at a time, where possible, which will cause the least inconvenience to the Customer.

d. Curtailments:
Service may be curtailed or fully interrupted without notice in case of emergency at the sole discretion of Company in accordance with the provisions of this Tariff. Company assumes no liability for any loss or damage that may be sustained by Customer by reason of any Curtailment or interruption of service rendered hereunder.

e. Information to Customers:
A copy of Company's approved Tariff is available for inspection on the Company's website.

RULES AND REGULATIONS - CONTINUED

1. Obligations of Customers:

   a. Access to Customer's Premises:
   Customer shall be obligated to allow Company or its duly authorized agents to enter Customer's premises at all reasonable hours for obtaining Meter readings, for shutting off the flow of Gas when necessary or due to any Customer delinquency or infraction, for inspecting, removing, repairing, or protecting from abuse or fraud any of the property of Company installed on the premises or for all other reasons set forth in other sections of these Rules and Regulations. Access shall be granted at all times for emergency purposes. Any refusal on the part of Customer to permit Company access to premises will be cause of discontinuance of service without liability to the Company.

   b. Right of Way:
   The Customer shall grant or cause to be granted to Company, without cost to Company, all rights, easements, permits and/or privileges that in Company's opinion are necessary for the rendering of service.

   c. Protection of Company's Property:
   All property of Company installed in or upon Customer's premises in supplying service is placed there under Customer's protection. All reasonable care shall be exercised to prevent loss of, or damage to, such property and, ordinary wear and tear excepted, Customer will be held liable for any such loss of property, and/or damage thereto and shall pay to Company the cost of necessary repairs or replacements.

   d. Interfering or Tampering with Company's Property:
   Customer will be held responsible for broken seals, tampering or any interference with Company's Meter or Meters, or other equipment of Company installed on Customer's premises. No one except employees or authorized agents of Company will be allowed to make any repairs or adjustments to any Meter or other piece of apparatus belonging to Company except in cases of emergency.

   e. Customer Request to Increase Usage:
   Customer at an existing premise shall notify Company of Customer's intent to increase its current annual usage at said premise at least sixty (60) days prior to the expected increase in usage. Company shall respond to Customer's request within thirty (30) days of receipt, indicating Company's acceptance or denial of

RULES AND REGULATIONS - CONTINUED

Customer's Request to Increase Usage Continued

Customer's request and any limitations of service. Any required alteration of Company owned facilities to furnish gas service to Customer necessitated by any action of the Customer, or owner of the property if the Customer is a lessee, may be made only after prior approval of the Company, and shall be at the expense of the Customer or owner

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

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

i. Leave the home or building immediately and go upwind of the suspected leak.

ii. Immediately call the Company's local emergency telephone number or 911 from a cellular phone outside the home or building, or from a neighboring location, to report the suspected gas leak.

iii. Not use their home telephone, turn on or off any electrical switches, light a match or do anything that might create a spark or flame.

iv. Not re-enter the building where the suspected leak is until emergency officials give the okay.

RULES AND REGULATIONS - CONTINUED

Precautions to be Taken by Customer Continued

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

h. Prudent Uses of Gas:
A Customer should always make prudent use of gas and shall take care not to waste gas. Upon notice by the Customer, the Company will investigate reports of suspected gas leakage and improper functioning of gas appliances. In the event that gas passes through the meter as a result of the Customer's negligence or malfunctioning of the Customer's piping or appliances, no credit will be issued, unless such use is a result of fault or neglect of agents of the Company.

i. Sales of Gas by Customer:
Natural Gas purchased or transported hereunder is not to be shared or sold to others except for the retail sale as a fuel to natural gas vehicles and except for the sale or transportation of compressed natural gas ("CNG"). The Customer shall not directly or indirectly sell, sublet, assign or otherwise dispose of the gas or any part thereof, unless otherwise specified in the Tariff. Purchase of gas for use by tenants located on the Customer's property, when the cost to the tenant of such gas is included in the normal rental charge for occupancy of the premises, shall not be considered as resale.

j. Service to Customer's Appliances:
The Company will not be responsible for the provision of service(s) at no charge for the adjustment of Customers' appliances.

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

RULES AND REGULATIONS - CONTINUED

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

m. Conformance with Tariff:
Upon commencement of service, the Rules and Regulations and the applicable rate schedules of this Tariff shall be binding upon Customer and Company unless otherwise stated in a Special Contract as approved by the Commission

n. Curtailment

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

ii. Definitions:
Essential Human Needs – High Priority Customers: Includes residences, apartments, hotels, motels, dormitories, hospitals, nursing homes, police and other institutions essential to public welfare.

Plant Protection Use – High Priority: 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.

RULES AND REGULATIONS - CONTINUED

iii. 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: High Priority - 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 Therms per year.

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

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

Priority 6: All OSSS Customers.

o. Curtailment of Customer-Owned Gas:
If adequate supply to priority essential human needs customers is threatened in the Company's judgement, Customer-owned transportation gas may be curtailed in addition to system supply and in the same order of priorities. In the event that Customer-owned gas is diverted for use by 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.

RULES AND REGULATIONS - CONTINUED

p. 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.

RULES AND REGULATIONS - CONTINUED

L. FORCE MAJEURE

1. In the event either Company, Customer, Customer's Agent or Pool Manager is unable wholly or in part by Force Majeure to carry out its obligations under this Tariff, or under a Special Contract, other than to make payments due thereunder, it is agreed that on such party giving notice and full particulars of such Force Majeure to the other party as soon as possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch.

2. The term "Force Majeure", as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, including any government-mandated quarantines associated therewith, landslides, lightning, earthquakes, fires, storms, hurricanes or evacuation orders due to hurricanes, floods, washouts, arrests and restraints of government and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of well or lines of pipe, partial or entire failure of source of supply, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Such term shall likewise include (a) in those instances where any party is required to obtain servitudes, rights of way grants, permits, or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitude, right of way grants, permits, or licenses; and (b) in those instances where any party is required to furnish materials and supplies or to secure grants or permissions from any governmental agency to enable such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials, supplies, permits and permissions.

3. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of an opposing party when such course is inadvisable in the discretion of the party having the difficulty.

RULES AND REGULATIONS - CONTINUED

M. DISCONTINUANCE OF SERVICE

The Company may discontinue service without notice on a given Working Day; but, except in emergency situations, in no event shall such termination occur outside the hours of 8:00 a.m. and 4:00 p.m., Monday through Thursday. Should Thursday or Friday be a legal, state or national holiday, Wednesday must be substituted for Thursday. Should Monday be a state or national, legal holiday, the next succeeding business day shall be substituted for Monday. In no event shall termination occur on a day when the temperature is thirty-five (35) degrees Fahrenheit or below at 8:00 a.m.

Unless there is a safety-related emergency, the Company may not discontinue service from December 21 of each year to January 1 of the following year.

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

Discontinuance of Gas service shall be temporarily waived in specific cases provided that the service is medically essential and discontinuance of service will endanger life or require hospitalization to maintain life. Prior to granting a medical waiver, the Customer shall be required to furnish the Company written notice signed by a licensed physician and in a form acceptable to the Company that service is required for life support. Accepted medical waivers will be valid for a period of one hundred twenty (120) days. The signed waiver may be renewed by means of a new signed statement to prevent termination only if a customer's account does not have a balance in arrears greater than sixty (60) Days.

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.

The Company reserves the right, but assumes no liability for failure to do so, to discontinue service to any Customer for cause as follows:

1. Without Notice:
    a. If check of nonsufficient funds is used to restore service or to satisfy a disconnect notice.

    b. For Customer's non-compliance with or violation of any State or municipal law or regulation governing gas service.

RULES AND REGULATIONS - CONTINUED

Without Notice Continued

c. For Customer's failure or refusal of the Customer to correct any deficiencies or defects in Customer's piping or appliances which are reported to Customer by Company.

d. For Customer's failure or refusal to provide adequate space for the Meter and service equipment of Company.

e. In the event of a condition known to Company to be hazardous.

f. In the event of Customer's tampering with regulators, valves, Meters, or other facilities furnished and owned by Company.

g. Upon request by Customer, subject to any existing agreement between Customer and Company as to unexpired term of service.

2. With Notice:
After five (5) Working Days' (any day on which the Company's business office is open and the U.S. Mail is delivered) notice in writing as follows:

a. For Customer non-payment of bills for gas service.

b. When Company has reasonable evidence that Customer has been previously disconnected for nonpayment at present or other location and is receiving service for his or her own use under a different name in order to avoid past due payments to Company.

c. For Customer refusal or failure to make a deposit or increase a deposit, when requested, to assure payment of bills.

d. For violation of these Rules and Regulations which Customer refuses or neglects to correct.

e. For Customer's failure or refusal to provide reasonable access to Company or its agents for the purpose of reading Meters or inspection and maintenance of equipment owned by Company.

RULES AND REGULATIONS - CONTINUED

After fourteen (14) calendar days' notice in writing as follows:

a. For Customer non-payment of bills for gas service from June 1 through September 30 and November 1 to March 31.

3. Waiver of Discontinuance of Gas Service:
Discontinuance of gas service shall be (temporarily) waived in specific cases provided that service is medically essential and discontinuance will endanger life or require hospitalization to sustain life. Prior to granting a medical waiver, the Customer shall be required to furnish the Company written notice from a competent physician acceptable to the Company that service is required for life support.

4. Collection in Lieu of Discontinuance of Gas Service:
A Collection in Lieu of Discontinuance Charge (applicable Section O) shall be added to the Customer's bill when payment, inclusive of said charge, is made at a billed address prior to discontinuance of gas service for non-payment of Company's regulated charges.

5. Reconnection of Service:
When service has been discontinued for any of the reasons set forth in these Rules and Regulations, Company shall not be required to restore service until the following conditions have been met by Customer:

a. Where Service was Discontinued without Notice:
The dangerous condition shall be removed and, if the Customer had been warned of the condition a reasonable time before the discontinuance and had failed to remove the dangerous condition, a reconnection fee as indicated and as applicable in Section O of these Rules and Regulations shall be paid.

All bills for service due to the Company by reason of fraudulent use or tampering shall be paid, a deposit to guarantee the payment of future bills shall be made, and a reconnection fee as indicated shall be paid.

Whenever service is discontinued for unauthorized or fraudulent use of service, Company, before restoring service, may require the Customer to make at Customer's expense all changes in piping or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the deficiency in revenue and all costs incurred by Company resulting from such unauthorized or fraudulent use. As used herein, "costs incurred by Company" shall include but are not limited to the Company's cost to cut and cap the Customer's service line at the main, together with the cost incurred by the Company to restore service to the Customer, in the event Company, in order to discontinue service to the Customer pursuant to this tariff, has been required (after final notice to the

RULES AND REGULATIONS - CONTINUED

Where Service was Discontinued without Notice Continued

Customer requesting payment, and the Customer's denial of access by Company to its meter for the purpose of discontinuing service) to cut and cap the Customer's service line at the main. If a Customer whose service line has been cut and capped as aforesaid thereafter requests restoration of Gas service, Company may require such Customer to pay (in addition to any other charges payable pursuant to these Rules and Regulations) all costs incurred by Company to effect the previous discontinuance of Gas service to such Customer, as well as all costs incurred by Company to restore Gas service to such Customer.

b. Where Service was Discontinued with Notice:
   i. Satisfactory arrangements for the payment of all bills for service then due shall be made and a reconnection fee as indicated and as applicable in Section O of these Rules and Regulations shall be paid.

   ii. Satisfactory arrangement for the payment of all bills then due under any other names shall be made and a reconnection fee as indicated and as applicable in Section O of these Rules and Regulations shall be paid.

   iii. A satisfactory guarantee of payment for all future bills shall be furnished and a reconnection fee as indicated and as applicable in Section O of these Rules and Regulations shall be paid.

   iv. All violations of these Rules and Regulations shall be corrected and a reconnection fee as indicated and as applicable in Section O of these Rules and Regulations shall be paid.

6. Termination of Service at the Request of Customer:
   a. Change of Occupancy:
   Subject to any existing agreement between Customer and Company, if Customer wishes the Gas service to be terminated, the Customer shall give notice to the Company at least five (5) days prior to the time that such termination shall become effective. Customer will be held liable both for any gas that may pass through the Meter and safe custody of the Company's property until five (5) days after such notice shall have been given, provided that the Meter and/or other movable equipment shall not have been removed within that time by the Company.

RULES AND REGULATIONS - CONTINUED

7. If the Customer desires that the initial Gas service connection or Gas service reconnection following disconnection by the Company for any reason, be completed on the same day as the request is received by the Company or outside the Company's normal business hours, such After Hours Reconnection may be performed, subject to the availability of Company personnel. The After Hours Connection or Reconnection Charge must be paid. Details of the charges are contained in Section O (Miscellaneous Service Charges) of this Tariff.

8. Service interruptions may be avoided by paying the overdue amount prior to the past due date of the gas bill, or by paying the overdue amount plus a collection fee to the Company or an authorized agent of the Company. Details of the collection fee are contained in Section O (Miscellaneous Service Charges) of this Tariff.

9. Removal of Company Property:
   If Customer wishes Company's property to be removed, Customer shall give notice to the Company prior to the time of such requested removal. Customer shall be responsible for the cost of removal.

10. Final Bill:
    The Customer is liable for service taken after notice of termination of their service until the

    Meter is read and Gas shut off. The final bill for service is due and payable upon presentation. Credit balances on a final bill that are five dollars ($5.00) or more will be refunded to the Customer.

11. Termination of Customer by Pool Manager:
    Any CI Pool Manager may terminate service for any reason to a Non-Residential Customer upon written notice to Company ten (10) Working Days prior to the first day of the Month. Unless Company receives a subsequent enrollment request, said Non-Residential Customer shall be assigned to the Company's Regulated Sales Service Pool.

RULES AND REGULATIONS - CONTINUED

N. LIMITATIONS OF SUPPLY

The Company may discontinue service pursuant to Delaware Code 26, Section 117. The Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system and/or production capacity and/or alterations in its contractual requirements of supply that may jeopardize service to existing Customers.

RULES AND REGULATIONS - CONTINUED

O. MISCELLANEOUS SERVICE CHARGES

	Rate
1. Service Connection Charge	
Regularly Scheduled	$90

Each Applicant for gas service shall pay to the Company a Connection Charge of ninety dollars ($90) before gas service is activated by the Company at the Customer's premises. Such Connection Charge shall not be collected from builders or other contractors activating gas service during the construction of a premise prior to occupation by the Company's customer of record.

2. Service Reconnection Charge	
Regularly Scheduled	$90

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

If the Customer desires that the initial gas service connection or gas service reconnection following disconnection by the Company for any reason, be completed on the same day as the request is received by Company or outside the Company's normal business hours, such After Hours Reconnection may be performed, subject to the availability of Company personnel. The After Hours Connection or Reconnection Charge shall be an additional sixty dollars ($60). The total reconnection charge will be $150.

3. Change of Account Charge (Read Meter Only)	
Regularly Scheduled	$25

Applies only when meter reads are taken by the Company for new Customer service and when a new Customer requests service and the gas meter has not been turned off by the previous occupant.

4. Failed Trip Charge	$80

Applies when Customer fails to keep a scheduled appointment with the Company's employee, agent, or representative

5. Temporary Disconnection of Service Charge	
Regularly Scheduled	$50

RULES AND REGULATIONS - CONTINUED

6. Field Collection Charge
   Regularly Scheduled $50
   Applies when a Company representative collects Customer's past due amount in lieu of disconnecting service.

7. Smart Meter Opt-Out $80

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

9. Same Day or Outside Normal Business Hours (before 8:00 a.m. and after 5:00 p.m.) Charge
   (At Company's sole discretion, if available.) $135

10. Insufficient Funds Check Service Charge
    The service charge for each insufficient fund check shall be equal to the service charge fee charged to the Company by Company's bank. Such service charge shall be added to the Customer's bill for gas service for each check dishonored by the bank upon which it is drawn. After the second returned payment, the Company reserves the right to notify the Customer that an alternate payment method will be required for future payments.

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

Company may waive miscellaneous service charges for cause on a case-by-case basis for good cause.

RULES AND REGULATIONS - CONTINUED

P. WARRANTY, CONTROL, AND INDEMNIFICATION

1. Warranty:
   Pool Manager warrants that it will have good and merchantable title to, all Gas delivered by Transportation Service Provider to Company for Shipper's account at Transportation Service Provider's Delivery Point(s), and that such Gas will be free and clear of all liens, encumbrances, and claims whatsoever. In the event any adverse claim in respect to said Gas is asserted, or Pool Manager breaches its warranty herein, Company shall not be required to perform its obligations to transport and deliver said Gas to Customer accounts in Pool Manager's Customer Pool or, subject to receipt of any necessary regulatory authorization, to continue service hereunder for Pool Manager until such claim has been finally determined; provided, however, that Pool Manager may receive service if i) in the case of an adverse claim, Pool Manager furnishes a bond to Company, conditioned for the protection of Company with respect to such claim, or ii) in the case of a breach of warranty, Pool Manager promptly furnishes evidence, satisfactory to Company, of Pool Manager's title to said Gas.

2. Control and Possession:
   Pool Manager shall be deemed to be in control and possession of Gas prior to delivery to the Company Receipt Point(s) or Transportation Service Provider Delivery Point(s); and Company shall be deemed to be in control and possession of the Gas to be transported by it upon delivery of such Gas by Transportation Service Provider to the Delivery Point(s), and until it shall have been delivered to Company's Point(s) of Delivery. Each party, while deemed to be in control and possession of such Gas, shall be responsible for, and shall indemnify and hold the other harmless from any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such Gas.

3. Indemnification to Company by Customer:
   The Customer shall indemnify, hold harmless, and defend the Company from and against any and all liability, proceedings, suits, cost or expense for loss, damage, or injury to persons or property, in any manner directly or indirectly connected with or growing out of the distribution and/or transportation of Gas by the Customer, as such may be defined in the CI Pool Manager Agreement.

RULES AND REGULATIONS - CONTINUED

Q. TRANSPORTATION SERVICE

1. Individual Transportation Service (INDTS):

   a. Applicability:
   Individual Transportation Service is available to Customers who are served under the Company's NCR Rate Schedule and Special Contract Customers. Individual Transportation Service Customers are required to execute the applicable Transportation Service Agreement, Negotiated Contract Service Agreement, or Special Contract (that has been approved by the DPSC) with the Company.

   b. Company-Approved Pool Manager:
   Unless otherwise authorized by Company, all INDTS Customers shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company's Delivery Point(s).

   c. Service Agreement:
   All Customers receiving Individual Transportation Service shall enter into the applicable Transportation Service Agreement with Company. Upon receipt of the Customer's executed Transportation Service Agreement, the Company shall have up to thirty (30) Days to initiate service under the Agreement, in addition to any time requirements for the physical extension or improvement to the Company's facilities required to provide such service.

   d. Service Initiation:
   Transportation Service may begin on the first day of the Month, provided that timely Nominations are submitted in accordance with the Company's Tariff, and such other actions as are required to cause Gas to be delivered to the Company for transportation to the Customer, are undertaken by Customer, or Customer's Agent.

   e. Full Requirements:
   All Customers receiving Individual Transportation Service shall transport all of their natural gas quantity requirements through Company's distribution system. Regulated Sales Service shall not be available from the Company. Gas quantities scheduled for delivery to the Company by the Customer, or Customer's Agent that are not in balance with actual metered consumption at the Company's Delivery Point shall be subject to the imbalance resolution provisions of this Tariff.

RULES AND REGULATIONS - CONTINUED

f. SAS Rate Schedule:
Upon initiation of service, all INDTS Shippers shall be assigned to the SAS Rate Schedule.

g. Shipper Designee:
Marketers, brokers, or other third-party suppliers of Gas that wish to act as Designees for Individual Transportation Service Customers shall be required to execute a Shipper's Designee Form with the Company. Customer's Designee shall warrant clear title for any Gas delivered into Company's system, and Customer's facilities. Designee shall be deemed to be in exclusive control and possession of Gas prior to delivery into Company's system for redelivery to Customer. Customer's Designee shall indemnify, defend, and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries on behalf of a transporting Customer.

h. Limitation of Transportation Service:
   i. New Premise:
   Company reserves the right, subject to the regulatory authority having jurisdiction, to limit or restrict usage through establishment of an MDTQ or refuse Transportation Service to a new premise that will result in additions to its distribution system that may jeopardize Transportation Service to existing Customers.

   ii. Existing Premise:
   Company may establish a MDTQ for Gas for Non-Residential Customers at an existing premise that requests an increase in annual usage, if, in the reasonable opinion of Company, establishment of an MDTQ is necessary to protect system integrity or to ensure other existing premises are not adversely affected by said Non-Residential Customer(s) request. Company shall not be obligated to transport Non-Residential Customer-owned Gas above Non-Residential Customer's MDTQ, if established, but may do so if feasible and without adverse effect to other Customers, in the reasonable opinion of Company.

RULES AND REGULATIONS - CONTINUED

5. Aggregated Transportation Services:
   i. Commercial Industrial (CI) Pools:
      i. Obligation to Serve:
      Company is responsible for the transportation of Customers' Gas. Company is not responsible for providing Gas commodity for Customers. If Customer, or Customer's Agent, if applicable, fails to provide Gas, Company may disconnect service to Customer. In the event, the Company's authorized Pool Manager fails to cause to be delivered on any day at the assigned Company Receipt Point(s) with the Company, any portion of the quantities of Gas for transportation to the Customers in the Customer Pool, the Company may immediately seek the remedies set forth in Rate Schedule Pool Manager Service, and the applicable provisions of the CI Pool Manager Agreement(s). If such remedies result in the termination of the Pool Manager, the Company shall immediately recall all capacity released to the Pool Manager and Customers will be assigned to Company's Regulated Sales Service Pool, until such time as the Customer is enrolled in an applicable Transportation Service Program.

      ii. Applicability:
      Non-Residential Customers that use a minimum of 15,000 Therms, annually shall have the option of using Company's Transportation Service and shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s). For the purposes of meeting the 15,000 Therm threshold, Customer may aggregate consumption for accounts it holds for meters located on contiguous premises.

      iii. Company-Approved Pool Manager:
      Unless otherwise authorized by Company, Company will require Customers who elect to use Company's Transportation Service to designate a Pool Manager from a list of approved Pool Managers posted by Company on Company's website. Customers shall have the right to change Pool Managers pursuant to Section T below.

      iv. New Customers:
      New Customers will be assigned and remain in the Company's Regulated Sales Service Pool until the Customer selects an approved CI Pool Manager and submits a Letter of Authorization to the Pool Manager and Pool Manager enrolls Customer in Pool Manager's Customer Pool.

RULES AND REGULATIONS - CONTINUED

v. Service Initiation:
Upon receipt of Customer's Request for CI Transportation Service, the Company and Pool Manager shall make all reasonable efforts to initiate Transportation Service in accordance with Customer's requested initiation date. Upon receipt of Customer's fully executed LOA submitted to Pool Manager and electronic enrollment by Pool Manager via Company's website not later than ten (10) Working Days prior to the end of a Month for CI Transportation Service, Transportation Service may begin on the first day of the Month following the Month in which Customer's LOA is received, Customer is enrolled, and Customer's service has been initiated.

Notwithstanding the above provisions, the Company may extend the time period for the initiation of service to accommodate the physical extension or improvement of the Company's facilities required to provide such service.

vi. SAS Rate Schedule and Balancing Service Rider:
Upon initiation of service, all CI Pool Managers shall be assigned to the SAS Rate Schedule and Balancing Service Rider.

vii. Service Limitation:
Customers served under an NCR or a Special Contract shall not be eligible to receive Aggregated Transportation Service unless otherwise approved by Company.

RULES AND REGULATIONS - CONTINUED

R. AUTHORIZED POOL MANAGERS

1. CI Pool Managers are required to execute a CI Pool Manager Agreement with the Company.

2. CI Pool Manager Minimum Requirements:
   a. Pool Manager(s) shall be a duly authorized shipper on all Company's Transportation Service Provider's interstate pipeline systems delivering to Company's Receipt Points.

   b. Pool Manager(s) shall demonstrate their capability to meet Company's standards for creditworthiness.

   c. Pool Manager(s) shall execute a CI Pool Manager Agreement with the Company prior to providing gas supply and transportation management services to the Customer Pool(s).

3. CI Pool Manager's Obligation to Serve:

   a. The Pool Manager(s) shall be required to provide natural Gas sales and management services to the Company's Non-Residential Customers opting to use Company's Transportation Services during the term of the CI Pool Manager Agreement. Pool Manager may establish reasonable deposit or account security requirements prior to initiating gas service and such Customers may select another gas marketer and exit the Customer Pool at the beginning of any Month by providing the Company with a fully executed LOA.

   b. CI Manager(s) shall commit to providing gas service on a firm and continuous basis except in situations where the Company discontinues Transportation Service to Customer. Pool Manager shall have the right to discontinue deliveries of Gas for said Customer on the date of the discontinuation of service by Company, such date to be provided to Pool Manager by Company ten (10) Working Days prior to the discontinuation of service. Pool Manager shall have unrestricted right to discontinue Gas deliveries in the event of fraudulent or unauthorized use of Gas by Customer. Pool Manager shall provide notice to Company within twenty-four (24) hours of any termination of gas deliveries. At such time as all delinquent bills and amounts due Pool Manager are paid in full by Customer, any all damages and costs related to fraudulent or unauthorized use are recovered, Pool Manager shall immediately restore delivery of Gas for the Customer and promptly notify Company of such restoration. Pool Manager shall be governed by the Company policies related to medically critical service.

RULES AND REGULATIONS - CONTINUED

4. Pool Manager's Non-performance:
    a. The Company shall establish in the CI Pool Manager Agreements such standards of performance for the Pool Manager as are reasonably required to assure reliable service to the Customer Pool(s). At a minimum, all Pool Manager(s) shall be obligated to cause sufficient quantities of Gas to be delivered to the Customer Pool each and every day such that scheduled quantities for the Customer Pool remain in reasonable balance with actual consumption. The Company shall establish appropriate penalties to be enforced should the Pool Manager fail to perform. In the event of substantial non-performance, as defined in the CI Pool Manager Agreements, the Company shall terminate the Pool Manager, and assign Pool Managers' Customers to the Company's Regulated Sales Service Pool until such time as the Customers provides the Company with a fully executed LOA.

5. Rate Impact of Aggregation:
Aggregated loads will not result in lower transportation rates for individual Customers.

RULES AND REGULATIONS - CONTINUED

S. CUSTOMER'S AGENT OR SHIPPER'S DESIGNEE

1. Designee Agreement:
   Marketers, brokers, or other third-party suppliers of Gas that wish to either act as Agents for Individual Transportation Service Customers and shall be required to execute an INDTS Shipper Designee Form with the Company.

2. Indemnification:
   Customer's Agent shall warrant clear title, or right to transport, any Gas delivered into Company's system, and Customer's Agent shall be deemed to be in exclusive control and possession of Gas prior to delivery into Company's system for redelivery to Customer. Customer's Agent agrees to indemnify, defend, and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries on behalf of a transporting Customer. Any notice provided to a Customer's Agent or Designee shall be deemed to have been provided to the Customer and the Company shall be held harmless from any actions or inactions taken by the Agent or Designee.

RULES AND REGULATIONS - CONTINUED

T. SELECTION OF POOL MANAGER

1. Approved Pool Manager:
   Unless otherwise authorized by Company, all Non-residential Customers who chose to utilize Company's Transportation Service shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s).

2. Non-Residential Customers:

   a. Selection of CI Pool Manager:

      i. New Non-Residential Customer Premise:
      Non-Residential Customers establishing a new premise on Company's distribution system may select any approved CI Pool Manager. Non-Residential Customer and its selected CI Pool Manager shall execute a LOA. At least ten (10) Working Days prior to the beginning of the Month for which the service change is desired, Pool Manager shall enroll Customer in Pool Manager's Customer Pool. In the event a Non-Residential Customer fails to submit a LOA to Customer's selected CI Pool Manager, Company shall assign said Non-Residential Customer to Company's Regulated Sales Service Pool.

      ii. Existing Non-Residential Customer Premise:
      Non-Residential Customer activating Transportation Service at an existing premise on Company's distribution system shall select any approved CI Pool Manager. Non-Residential Customer and its selected CI Pool Manager shall execute a LOA. At least ten (10) Working Days prior to the beginning of the Month for which the service change is desired, Pool Manager shall enroll Customer in Pool Manager's Customer Pool. In the event a Customer fails to submit a LOA to Customer's selected CI Pool Manager, Company shall assign said Non-Residential Customer to Company's Regulated Sales Service Pool.

      iii. Transfer of Non-Residential Customer:
      Non-Residential Customers transferring Transportation Service from an existing premise to another premise shall be required to submit a new LOA to Customer's existing Pool Manager and the existing Pool Manager shall re-enroll Customer in Pool Manager's Customer Pool, no later than ten (10) Working Days prior to the end of the Month in order to retain Customer's selected Pool Manager at the new premise.

RULES AND REGULATIONS - CONTINUED

iv. Non-Residential Customers Receiving Service from CI Pool Manager:
Non-Residential Customers receiving service from a CI Pool Manager may select to be assigned to Company's Regulated Sales Service. Said Non-Residential Customer shall execute a Request to Return to Regulated Sales Service Form no later than ten (10) Working Days prior to the end of the Month. Customer who elects to return to Company's Regulated Sales Service Pool will be required to remain on Regulated Sales Service for a period of not less than twelve (12) Months.

3. Termination of Shipper Status:

a. CI Pool Manager:
If Company terminates a CI Pool Manager, CI Pool Manager's Customers shall be assigned by Company to Company's Regulated Sales Service Pool.

4. Shipper Pricing Options by Customers:

a. CI Pool Manager:
Non-Residential Customers selecting an approved CI Pool Manager shall establish price and other terms and conditions of service directly with the selected CI Pool Manager.

RULES AND REGULATIONS - CONTINUED

U. INITIATION OF TRANSPORTATION SERVICE

Initiation of Pool Manager Service:
Any Company-approved Pool Manager or Shipper Designee that is authorized to deliver Gas to Company's Receipt Point(s), which is subsequently delivered by Company at the Company's Delivery Point(s) under one of the Company's Transportation Service Programs will be required to meet the following provisions before service can be initiated to the Pool Manager.

1. CI Pool Manager Requirements:
    a. An entity is eligible to become a CI Pool Manager shall:
        i. Execute a CI Pool Manager Agreement;
        ii. Establish credit sufficient to Company in accordance with these Rules and Regulations;
        iii. Agree to retain copies of fully executed Customer Letter of Authorizations and provide such LOA upon request by the Company and
        iv. Agree to receive SAS and Balancing service.

2. Establishment of Credit:
    a. All Pool Managers shall establish credit prior to commencing deliveries of Gas and shall maintain such credit during the term hereof. The amount of credit established by each Pool Manager will be equal to the greater of $10,000 or an amount equal to Pool Manager's highest two (2) months aggregated Daily Demand Requirement for the most recent 24-month period multiplied by the applicable Transportation Service Provider's applicable rate schedule(s). Credit will be established by one of the following methods:

        i. Payment of a cash deposit with Company;
        ii. Furnishing an irrevocable letter of credit from a bank;
        iii. Furnishing a surety bond issued by an entity acceptable to the Company;
        iv. Possessing and maintaining a Standard & Poor's Long-Term Debt Rating of A- or better, a Moody's rating of A3 or better, or a comparable rating by another nationally recognized rating organization acceptable to Company; or
        v. Providing an acceptable parental or corporate guarantee.

    If the Pool Manager seeks to establish credit pursuant to paragraph 2v above, Pool Manager shall furnish to Company Pool Manager's audited financial statements (accompanied by the opinion of and independent certified public accountants or chartered accountants of a recognized national or regional standing) for at least the two most recently completed fiscal years.

    All Pool Manager deposits will be subject to an annual review by Company and will be adjusted and billed accordingly. The minimum deposit maintained by each Pool Manager will be $10,000.

RULES AND REGULATIONS - CONTINUED

V. CAPACITY ASSIGNMENT AND RECALL

1. Intent of Capacity Release:
   Company, through its Service Agreements with Transportation Service Providers, has contracted for firm capacity rights on the Transportation Service Providers' pipeline systems. Company will temporarily relinquish capacity to Customer or Pool Manager, as applicable, each Month, utilizing the methodology described below, on Eastern Shore Natural Gas' ("ESNG") system for Customers and Pool Managers' use in transporting Gas to Company's Individual Transportation Service, and CI Customer Pool(s). Company will retain enough capacity to serve Company's Regulated Sales Service Customer Pool each Month.

2. Capacity Release Methodology:
   The Company shall retain, adequate quantities of capacity on Transportation Service Providers' systems to serve Company's Regulated Sales Service Customer Pool prior to the allocation of capacity to Individual Transportation Service Customers who have executed a capacity release agreement with the Company, and Pool Manager Customer Pools. The Company shall temporarily relinquish quantities of Transportation Service Provider Capacity to i) individual Customers who have executed Capacity Release Agreements with the Company and ii) CI Pool Managers each Month.

3. Daily Demand Requirement Calculation and Quantity of Capacity for Release:
   Annually, after adequate capacity is allocated to Company's Regulated Sales Service Pool, Company shall determine the aggregated DCQ to be relinquished to each Aggregated Transportation Service Pool Manager using the following methodology:

   a. INDTS Customers and CI Pools:
      i. DDR Determination:
         1. A Daily Demand Requirement ("DDR") for each Month for the following twelve (12) month period shall be calculated annually by the Company based on usage during the previous three Years, if available. Previous usage shall be adjusted for normal weather in a matter determined by the Company. The Customer will be obligated to have the DDR delivered each Day of the Month to the agreed upon Receipt Points.

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

RULES AND REGULATIONS - CONTINUED

DDR Determination Continued

writing from the Customer or the Customer's Agent.

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

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

ii. Capacity Release Quantity:
The Daily Capacity Release Quantity ("DCQ") for Company's CI Pools shall be that quantity of ESNG capacity that is equal to each CI Pools' highest twelve month DDR with the exception of Summer Peaking Customers.

iii. Pool Manager Delivery Requirements:
Pool Manager shall be required each Day to deliver Gas in the quantity equal to the Pool Manager's Pool's aggregated DDR. To the extent deliveries by the Pool Manager vary from the Pool Manager's aggregated DDR, performance penalties may be imposed by the Company.

b. Each Month, the Company shall determine the total aggregated DDR for each Customer Pool, in accordance with the methodology described herein. Adjustments to Pool Manager's aggregated DDR will occur from time to time to reflect changes as a result of the enrollment and transfer of Customers to and between Customer Pools.

c. For each existing and new Individual Transportation Service Customer, Company will relinquish capacity based on Customer MDTQ as provided in the Capacity Release Agreement (if any) between Customer and Company. Customer must elect a MDTQ of sufficient quantity to satisfy the Customer's Monthly natural gas requirements. Company will provide Customer a twelve-Month consumption history to assist in making its initial election.

4. Scope of Capacity Release:

a. Pool Manager Service Agreements with Transportation Service Providers:
Pool Manager shall enter into all required agreements with each Transportation Service Provider so that Pool Manager has all necessary rights to accept and acquire the relinquished capacity from Company hereunder. Capacity releases shall be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time. Pool Manager shall have sole responsibility for complying with all provisions of such agreements and all applicable provisions of Transportation Service Providers' FERC Tariffs.

b. Relinquishment Notices:
Each Month, Company shall provide to Transportation Service Providers the notice of capacity release required under the rules and regulations of the respective Transportation Service Provider's FERC Tariff. Such notices shall offer to relinquish, on a temporary basis, that portion of the Pool Manager's aggregated DCQ to be relinquished by Company by Customer Pool. Company shall diligently and in a time sufficient for Pool Manager to commence use of the released capacity, take all other actions required under the rules and regulations of the respective Transportation Service Provider's FERC Tariff to relinquish capacity to Pool Manager. Capacity releases will be released to Customers, Pool Managers, and Shipper's Designee(s) pursuant to Company's state-approved retail choice programs as set forth in Section A of this Tariff.

c. Acceptance of Capacity Release:
Pool Manager shall diligently and in a timely manner take all actions necessary under the rules and regulations of Transportation Service Provider's FERC Tariffs to acquire and accept the capacity relinquished by Company. Company has no obligation to relinquish capacity to Pool Manager in quantities greater than the Aggregated DCQ. If after five (5) days, Pool Manager does not acquire requisite capacity, Pool Manager may be terminated.

RULES AND REGULATIONS - CONTINUED

5. Capacity Charges:
   Pool Manager shall pay the Transportation Service Provider the rate listed in Company's relinquishment notice. Such rate will be based on ESNG's maximum rate for the cost of capacity excluding releases to INDTS Customers, Customers receiving service under Rate Schedule NCR, those Customers served by the Company pursuant to a Special Contract, those Customers who utilize upstream capacity released by the Company pursuant to an asset management agreement, and capacity released by Company pursuant to a long term capacity release i.e., a period a longer than one (1) year) or the negotiated rate for the capacity relinquished by the Company. Pool Manager shall indemnify Company and hold it harmless from any and all rates and charges assessed by Transportation Service Provider to Company for the relinquished capacity.

6. Capacity Payments:
   Pool Manager shall make all payments to Transportation Service Provider(s) for the relinquished capacity in accordance with Transportation Service Provider's FERC Tariffs, and by any applicable FERC rule or order. If Pool Manager fails to make such payments, Company may make such payments on behalf of Pool Manager (in a manner which preserves any rights which Pool Manager may have to dispute the nature or amount of the charges). Pool Manager shall reimburse Company for such payments inclusive of interest, at the highest interest rate allowed by law, from the date such payments are made by Company to Transportation Service Provider.

7. Recall Rights to Released Capacity:
   a. All capacity relinquished to Pool Manager by Company, may be recalled by Company from time to time to facilitate the redistribution of capacity among Pool Managers to accommodate Customer migration, or to change the rate of the release regardless of the term of a specific capacity release by Company to Pool Manager.

   b. Company shall have the right to recall temporarily or permanently a portion or all of the capacity relinquished hereunder, subject to the applicable notice requirements in Transportation Service Providers' FERC Tariffs, in the event that Pool Manager breaches its contractual obligations of payment to Transportation Service Provider for the released capacity; or (ii) Pool Manager otherwise breaches the terms and conditions of this Tariff. In the event Company temporarily recalls a portion of the relinquished capacity, Company shall re-release such capacity to Pool Manager within ten (10) Working Days after Pool Manager has provided assurance satisfactory to Company, in Company's reasonable discretion, that the cause which gave rise to Company's recall right has been removed.

   c. Capacity is required to serve Company's high priority Customers.

RULES AND REGULATIONS - CONTINUED

8. Retained Right of First Refusal:
   Company shall retain the sole right to affirmatively exercise, at the time specified in the Service Agreement, Transportation Service Provider's FERC Tariffs, or any FERC rule or order, any right of first refusal mechanism (however denominated), including the option to extinguish such right, applicable to the relinquished capacity; provided, however, that Company may not exercise any such right in a manner which would impair Pool Manager's right to use the relinquished capacity during the term of any release.

9. Periodic Open Seasons:
   Company may hold an open season for incremental capacity releases not less than once per year. The open season may be held from April 1st through April 15th of each calendar year or other such period that Company may elect. Primary firm capacity from the Company's interstate capacity portfolio will be made available to on-system Customers and Pool Managers on an as-available basis.

   Releases by the Company will be for a period of not less than one year. Incremental quantities when aggregated with existing capacity release quantities made by Company to a Customer or Pool Manager will be not greater than the monthly historical demand quantity of the Customer or Customer Pool.

   Releases requested during the applicable open season period will be awarded on a pro-rata basis and the awarded releases will be implemented not later than June 1st of the same calendar year or the first calendar Day of the month following the first full month after capacity has been awarded to the acquiring Customer or Pool Manager. Capacity awarded, if available, will be made on a not unduly discriminatory basis by the Company.

10. Capacity Acquisition:
    a. Customer Pools:
       Company shall provide to Pool Managers each Month, at least four (4) Days prior to Transportation Service Provider's deadline for posting capacity releases for the first day of the following Month, (i) a list of the accounts comprising Pool Manager's Customer Pool and the associated Non-Residential Customer DDRs, ii) the estimated total Gas requirements to meet the needs of each of Pool Manager's Customer Pools for such following Month i.e., Pool Manager's highest twelve month aggregated DDR and, (iii) the aggregated DCQ that Company proposes to relinquish to Pool Manager for each Customer Pool. Pool Manager shall confirm the accuracy of the list of accounts comprising Pool Manager's Customer Pool with Company within one (1) Business Day after delivery of the Customer list to Pool Manager. If Pool Manager fails to confirm the accuracy of said list, Company shall proceed with the release to Pool Manager based on the information provided.

RULES AND REGULATIONS - CONTINUED

b. Maximum Daily Transportation Quantity (MDTQ):
Company may establish a MDTQ for Gas for one or more Customer(s) or Pool Manager(s) if, in the reasonable opinion of the Company, it is necessary to protect system integrity or to ensure existing Customers are not adversely affected by Customer(s) and or Pool Manager(s) requiring an MDTQ. Company shall not be obligated to transport Gas above the Customer's or Pool Manager's MDTQ, if established, but may do so if feasible and without adverse effect to other Customers, in the reasonable opinion of the Company.

11. Pool Manager's Firm Delivery Requirements:

a. Unless excused by Force Majeure, Pool Manager shall cause Transportation Service Providers to deliver on each Gas Day to Company Primary Receipt Points where Company is the Delivery Point Operator (DPO) a quantity of Gas sufficient to reliably serve the requirements of its Customer Pool and off-system Customers. Pool Manager shall have no obligation to deliver Gas to Company on behalf of Customers whose service is terminated, either upon request of the Customer or for cause. Company shall promptly notify the Pool Manager of any known change in Customer account status that will affect Gas quantity deliveries.

b. If any act or omission of Pool Manager causes Company, as the DPO, to incur any Transportation Service Provider penalties, other expenses or liabilities of any kind, Pool Manager will indemnify and reimburse Company for all said penalties, other expenses, or liabilities. Nothing herein shall be deemed to foreclose Company from employing other remedies, including cessation of deliveries for the unauthorized usage of Gas.

12. Non-Performance Penalty:

The Company shall assess the Pool Manager a per MMBtu charge equal to the higher of $30.00 or 200% of the highest of the Transco zone 6 Non-New York or TETCO M3 Midpoint price published in Platts Gas Daily for each day when delivery to Company by Pool Manager differs from Pool Manager's delivery requirements set forth in Section V as applicable above. The Company may waive this charge from time-to-time on a non-discriminatory basis.

RULES AND REGULATIONS - CONTINUED

W. NOMINATIONS AND SCHEDULING

1. Nominations and Scheduling:
   All CI Daily and Cycle Read Pool Managers shall submit to the Company all Nomination and scheduling information affecting Company's Delivery Points simultaneous to any submission to Transportation Service Provider(s) via Company's nomination website. In addition, each Customer, Pool Manager, or Shipper Designee shall submit to Company each day Nominated quantities for each Individual Transportation Service Customer that is required to have and has electronic telemetering equipment installed, ("Telemetered Customer").

   a. With prior Company approval, CI Daily Read Pools will be permitted two Nomination changes within the Month. Such Nominations must be delivered to Company no later than the tenth (10^{th}) and twentieth (20^{th}) calendar day of the applicable Month.

   b. CI Cycle Read Pool(s) will not be permitted to change Nominations throughout the applicable Month unless otherwise approved by the Company.

2. Such Nomination shall include the following information:

   a. The Customer, Shipper's Designee or Pool Manager's account number under which service is being nominated – "Del Loc" (Delivery Location);
   b. The Company Receipt Point location including applicable POI and upstream pipeline name, package ID "Pkg ID" (Package ID), including Customer's or Pool Manager's Company account number "Dn K" (Downstream Contract), and quantity in Therms of Gas to be tendered at each Company Receipt Point "Nom Del Qty" (Pool Manager Delivery Quantity);
   c. The downstream delivery facility name, and quantity in Therms of Gas to be delivered for each Company Customer account or Pool "Dn Name" (Duns Number);
   d. A beginning and ending date for each Nomination;
   e. Ranking for allocation 'Del Rank" (Delivery Rank).

   Only Nominations with clearly matching identifiers will be scheduled and subsequently delivered by Company.

3. Unassigned Gas
   "Unassigned Gas" shall mean any quantity of gas received at a Company Receipt Point for which there is no transportation nomination that can be readily identified by Company and assigned by Company to the appropriate Customer(s), Shipper's Designee(s), and Pool Manager(s).

RULES AND REGULATIONS - CONTINUED

Unassigned Gas Continued

Company shall post on its website the quantity, production month received on the Company's system, and the point of receipt associated with any Unassigned Gas ("Notice"). Company shall continue to post the Notice for a period of not less than one Business Day.

In order to be a valid claim for purposes hereof, a claim must:

1. Be provided to the Company in writing;
2. Identify the specific Unassigned Gas delivered;
3. Provide independent evidence of ownership of Unassigned Gas claimed; and
4. Agree to indemnify Company fully with respect to any adverse claims to ownership of the Gas or to the proceeds resulting from the sale thereof.

   If a valid claim is received, such quantities will be subject to purchase by the Company at seventy-five percent (75%) of the Gas Daily index for Gas delivered at the Eastern Shore Company City Gate.

   If a valid claim is not received, such quantities of Gas will be credited to the Company's Regulated Sales Service fuel clause.

RULES AND REGULATIONS – CONTINUED

X. OPERATIONAL CONTROLS

1. Operational Controls Applicability:
   Operational Controls shall be applicable to all Customers, Customer Pools, Pool Managers, and Shipper Designees with the exception of Company's CI Cycle Read Pool(s).

2. Contact Persons:
   Any Customer taking delivery of Gas from Company or any Pool Manager or Shipper Designees causing Gas to be delivered to Company, shall cooperate fully with Company in maintaining the integrity of its system. All Customers, Pool Managers, and Shipper's Designees shall name an appropriate contact person(s) available to receive communication from Company on operating matters at any time, on a 24-hour a day, 365-day a year basis. For all Residential Customers, the contact person shall be that individual listed in the Company's records as the applicant for service or the account holder of record. If Company is unable after reasonable efforts to contact any Customer or Customer's contact person, such Customer shall be solely responsible for any consequences arising from such failure of communication.

3. Maintaining Proper System Pressure:
   In the event that Company determines in its sole discretion, reasonably exercised, that action is required to avoid an operating condition in which system pressure is not maintained, in which system pressure is maintained at an operationally unacceptably high level, and/or Transportation Service Provider has issued an operational directive under Transportation Service Provider's Tariff, Company may issue the following Operational Controls to Customers, Shipper Designees, and/or Pool Managers.

4. Operational Flow Orders (OFO) Notices:
   The Company may issue an OFO notice and shall promptly notify via electronic means (electronic bulletin board, e-mail or telephone) all affected Customers, Customer's Designees and Pool Managers causing Gas to be delivered to the Company's Receipt Point(s), that such OFO has been issued.

   a. Operational Flow Orders – Action Required:
      Such Operational Flow Orders may require Customers, Customer's Designees and Pool Managers to undertake any of the following:

      i. Company may issue an Operational Flow Order to individual Customers, Shipper's Designees, and Pool Managers, specific geographic regions, or at one or a group of specific Company Receipt Points.
      ii. To commence or increase supply inputs by a specific quantity.
      iii. To cease or reduce supply inputs by a specified quantity.

RULES AND REGULATIONS - CONTINUED

Operational Flow Orders – Action Required Continued

iv. To commence or increase takes of Gas from the system by a specified volume.
v. To reduce takes of Gas from the system by specified volumes.
vi. In the event the action(s) set forth in (a)-(e) are not operationally feasible, the Operational Flow Order may require Customers, Customer's Designees and Pool Managers, to take other such action within Customers, Customer's Designees and Pool Managers control which would tend to alleviate the operating condition to be addressed.

b. Failure to Comply with Operational Flow Orders:
If the Customers, Customer's Designees, or Pool Managers violate the terms of the OFO, the Company shall charge the responsible Customers, Customer's Designees and Pool Managers the higher of published *Platt's Gas Daily* price for Transco zone 6 or Texas Eastern Company (TETCO) zone M-3 multiplied by the absolute value of the quantity of Gas taken above the tolerance level set by the Company. Company may waive OFO penalties on a nondiscriminatory basis.

c. Imbalances incurred on the of the Operational Flow Order shall be included in Customer or Pool Manager's monthly imbalance quantity and will be subject to monthly balancing.

5. Alert Day Notices:
The Company may issue an Alert Day notice in its sole discretion. Alert Days will be used when other operational tools are perceived to be inappropriate to resolve the operating situation and shall promptly notify via electronic means (electronic bulletin board, e-mail or telephone) all affected Customers, Customer's Designees and Pool Managers causing Gas to be delivered to the Company's Receipt Point(s), that such Alert Day notice has been issued.

a. Alert Day Notice – Action Required:
Such Alert Day Notices may require Customers, Customer's Designees, and Pool Managers to undertake any of the following:

i. Company may issue an Alert Day to individual Customers, Customer's Designees and Pool Managers, specific geographic regions, or at one or a group of specific Company Receipt Points.
ii. In the event the action(s) set forth above are not operationally feasible, the Alert Day notice may require Customers, Shipper's Designees, and Pool Managers, to take other such action within Customer's, Shipper's Designee's, or Pool Manager's control which would tend to alleviate the operating condition to be addressed.

RULES AND REGULATIONS - CONTINUED

Alert Day Notice – Action Required Continued

b. Failure to Comply with Alert Day Notice:
If the Customers, Customer's Designees, or Pool Managers violates the terms of the Alert Day notice, the Company shall charge the responsible Customers, Customer's Designees and Pool Managers:

i. For an overage (measured quantities are greater than scheduled quantities) Alert Day, the higher of Transco or TETCO's FERC otherwise applicable Tariff Alert Day penalty.
ii. For an underage (measure quantities are less than scheduled quantities) Alert Day, the lesser of Transco or TETCO's FERC otherwise applicable Tariff Alert Day penalty.
iii. Company may waive Alert Day penalties on a nondiscriminatory basis.

c. Imbalances incurred on the day of the Alert Day will not be included in Customer or Pool Manager's monthly imbalance quantity and will not be subject to monthly balancing.

6. Pipeline Balancing Charges:
As the DPO, the Company shall comply with any operational balancing tools order issued by Transportation Service Provider(s), and as applicable, the Company, shall issue penalty charges directly to the responsible Customer(s), Customer's Designees and Pool Managers(s), to the extent such charges are able to be directly assigned. The remaining balance of such charges, if any, shall be allocated to Company's Gas Sales Service Rate.

7. Disposition of Penalties:
All penalties collected by the Company related to the operational control of the system shall be allocated to Company's Gas Sales Service Rate. The Company shall not, under any circumstances, retain any of the penalties collected from Customers, Customer's Designees, or the authorized Pool Manager, nor absorb any costs related to complying with valid Transportation Service Provider Operational Tool orders.

RULES AND REGULATIONS - CONTINUED

Y. IMBALANCE RESOLUTION

The balancing of the quantity of Gas scheduled and nominated for each Customer or Customer Pool at all Company Receipt Points for which Company, or Company's agent, is the DPO, and the actual usage by the sum of all Individual Transportation Service Customers and Customer Pools served by each Customer, Shipper Designee, or Pool Manager shall be calculated on a Monthly basis. Long or short Monthly Imbalance Quantities for each individual Customer Pool will be netted against Customer Pools administered by the same Pool Manager provided however, Customer Pools with an Imbalance Level (long or short) greater than 20% will not be eligible to be netted. The Company and Customer, Shipper's Designee or Pool Manager shall resolve all remaining Monthly Imbalance Quantities at the end of each Month, as follows:

1. If the Monthly Imbalance Quantity is long (amount of Gas scheduled is greater than aggregated actual usage by Customer Pool(s)), the Company shall purchase from Customer or Pool Manager such Monthly Imbalance Quantity at a price per Therm (the "Unit Price") calculated by taking: average of (i) the lowest (weeks where Friday is within the calendar Month) of the "Daily price survey" for Gas under the "Midpoint" column for "Transco zone 6 Non-New York North" and "TETCO zone M-3", as reported in *Platt's Gas Daily*, and the lowest of the beginning of the month index for "Transco zone 6" and "TETCO zone M-3", as reported in *Platt's Inside FERC Gas Market Report* for the Month in which the positive (long) Monthly Imbalance Quantity was incurred, multiplied by the applicable factor set forth below:

Imbalance Level	Factor
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20%	0.80

   The total amount due Customer, Shipper Designee, or Pool Manager shall be the product of the Unit Price and the positive (long) monthly imbalance.

2. If the Monthly Imbalance Quantity is short (amount of Gas scheduled is less than aggregated actual usage by Customer Pool(s)), the Company shall sell to Customer or Pool Manager such Monthly Imbalance Quantity at a price per Therm (the "Unit Price") calculated by taking: average of (i) the highest (weeks where Friday is within the calendar Month) of the "Daily price survey" for Gas under the "Midpoint" column for "Transco zone 6 Non-New York North" and "TETCO zone M-3", as reported in *Platt's Gas Daily*, and the highest of the beginning of the month index for "Transco zone 6" and "TETCO zone M-3", as reported in *Platt's Inside FERC Gas Market Report* for the Month in which the negative (short) Monthly Imbalance Quantity was incurred, multiplied by the applicable factor set forth below:

RULES AND REGULATIONS - CONTINUED

Imbalance Level	Factor
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20%	1.20

and (ii) the Eastern Shore Natural Gas Company reservation per Therm tariff rate inclusive of all applicable surcharges (as it may change from time to time) plus the ESNG usage rate per Therm, inclusive of all applicable surcharges.

The total amount due to the Company shall be the product of the Unit Price and the (short) negative monthly imbalance.

RULES AND REGULATIONS - CONTINUED

Z. MUTUALLY BENEFICIAL TRANSACTIONS

Pool Manager and Customer recognize that Company maintains the operation and integrity of Company distribution system on a daily basis. Pool Manager and Customer also recognizes that as DPO for the Transportation Service Provider's pipeline interconnects, Company or its agent is subject to the rules and regulations of the Transportation Service Provider(s) with regard to operational flow rates, pressures, and penalties. As such, Company may need Pool Manager or Customer to vary its daily delivery from the nominated delivery quantities. On those occasions, Company may request, at its sole discretion, and Pool Manager and Customer may agree to, a change to Customer's or Pool Manager's nominated Gas supply quantities and Transportation Service Provider(s) pipeline capacity. Terms and conditions of such transactions shall be agreed upon at the time of the transaction and shall be recorded and confirmed in writing within two Business Days after the transaction.

Disposition of Net Revenues:
Net revenues shall mean the revenues received by Company for Natural Gas above the cost of Natural Gas to the Company and revenues received by Company for pipeline demand charges above the prevailing rates for like period(s) as negotiated by Transportation Service Provider Customers via the Transportation Service Provider's Relinquishment program on its Electronic Bulletin Board system. Disposition of net revenues received by Company during each Month that this service is provided shall be as follows:

Twenty percent (20%) of the net revenues shall be retained by Company. The remaining eighty percent (80%) of the net revenues shall be used to reduce Company's cost of Natural Gas recovered through the Gas Sales Service Rate.

RULES AND REGULATIONS - CONTINUED

AA. TERMINATION OF POOL MANAGER STATUS

Termination of Shipper Status:
Unless excused by Force Majeure, Company may terminate the Pool Manager's rights for the following:

1. Pool Manager fails to satisfy in full the terms and conditions of this Tariff;
2. Pool Manager voluntarily suspends the transaction of business where there is an attachment, execution, or other judicial seizure of any portion of their respective assets;
3. Pool Manager becomes insolvent or unable to pay its debts as they mature or makes an assignment for the benefit of creditors;
4. Pool Manager files, or there is filed against it, a petition to have it adjudged bankrupt or for an arrangement under any law relating to bankruptcy;
5. Pool Manager applies for or consents to the appointment of a receiver, trustee, or conservator for any portion of its properties or such appointment is made without its consent; or,
6. Pool Manager engages in slamming or other unlawful activities.

CI Pool Manager:
If Company terminates a CI Pool Manager, CI Pool Manager's Customers shall be assigned by Company to Company's Regulated Sales Service Pool.

RULES AND REGULATIONS - CONTINUED

RESERVED FOR FUTURE USE

RULES AND REGULATIONS - CONTINUED

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CUSTOMER RATE SCHEDULES

RESIDENTIAL SERVICE - (RES*)*

Availability:
Available within the service areas of the Company.

Applicability:
Applicable to any individually metered Residential service classification.

Character of Service:
Natural gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

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

Customer Charge:		$15.00 per Meter per Month
Non-Fuel Energy Charge:	First 52 Therms	$0.60066 per Therm
	Over 52 Therms	$0.18020 per Therm

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

RESIDENTIAL SERVICE-1 – EXPANSION AREA (RES-1 EXP*)*

Availability:
This Rate Schedule is available to any individually metered Customer within the southeastern Sussex County, Delaware, expansion area using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware.

Applicability:
Applicable to any individually metered Residential service classification with an annual consumption less than or equal to 249 Therms.

Character of Service:
Natural gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

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

Customer Charge:		$19.00 per Meter per Month
Non-Fuel Energy Charge:	First 52 Therms	$0.60066 per Therm
	Over 52 Therms	$0.18020 per Therm

The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

RESIDENTIAL SERVICE-1 – EXPANSION AREA (RES-1 EXP*)* - CONTINUED

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

RESIDENTIAL SERVICE-2 – EXPANSION AREA (RES-2 EXP*)*

Availability:
This Rate Schedule is available to any individually metered Customer within the southeastern Sussex County, Delaware, expansion area using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware.

Applicability:
Applicable to any individually metered Residential service classification with an annual consumption greater than 249 Therms.

Character of Service:
Natural gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

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

Customer Charge:		$30.00 per Meter per Month
Non-Fuel Energy Charge:	First 52 Therms	$0.60066 per Therm
	Over 52 Therms	$0.18020 per Therm

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

RESIDENTIAL SERVICE-2 – EXPANSION AREA (RES-2 EXP*)* - CONTINUED

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

RESIDENTIAL SERVICE – UNDERSERVED AREA (RES - USA)

Applicability and Availability:
This Rate Schedule is available to individually metered Customers who use gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose, and who choose to utilize the RES-USA rate to make the estimated costs and revenues of the extension to serve economic. Applicable to individually metered Residential Service classification.

For all projects, outside of the Company's existing service areas, that require a new main extension to provide service, the economic criteria of the project will be evaluated at the Company's standard tariff rates in accordance with Section F – Facility Extensions. Should the project fail to meet the return requirement under those conditions, the Company will calculate the rates necessary to meet the Company's return requirement. Each project will be evaluated on an individual project basis. Applicable rates will be project specific and the project developer can choose to accept service under the RES-USA rates calculated by the Company, USA surcharge rate, and or pay a Contribution In Aid of Construction ("CIAC").

The premises will be assessed the RES-USA rate for a period of 13 years, after which time they will be reclassified to the applicable standard tariff residential rate class during the Company's rate schedule review as set forth on Section I – Assignment of Rate Schedules. All premises receiving service from a main extension that is initially made economic through the use of Underserved Area rates will also be assessed the Underserved Area rate for a period of 13 years.

Character of Service:
Natural gas or its equivalent conforming to the standards ser forth in the "Quality of Gas" section of this Tariff.

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

Customer Charge:		$30.00 per Meter per Month
Non-Fuel Energy Charge:	First 52 Therms	$0.60066 per Therm
	Over 52 Therms	$0.18020 per Therm
USA Surcharge Rate:		$0.21904 per Therm

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

RESIDENTIAL SERVICE – UNDERSERVED AREA (RES-USA) - CONTINUED

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

GENERAL SERVICE - 1 – (GS-1)

Availability:
Available within the service areas of the Company.

Applicability:
Applicable to any Non-Residential service classification with an annual consumption of less than 4,143 Therms.

Character of Service:
Natural gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

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

Customer Charge:		$40.00 per Meter per Month
Non-Fuel Energy Charge:	First 52 Therms	$0.58296 per Therm
	Over 52 Therms	$0.08111 per Therm

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

Terms and Conditions:
1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

GENERAL TRANSPORTATION SERVICE - 1 – (GTS-1)

Availability:
Available within the service areas of the Company.

Applicability:
Applicable to any Non-Residential service classification with an annual consumption of less than 4,143 Therms.

Character of Service:
Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

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

Customer Charge:		$40.00 per Meter per Month
Transportation Charge:	First 52 Therms	$0.58296 per Therm
	Over 52 Therms	$0.08111 per Therm
Retainage:		Determined annually, five (5) year average.

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

GENERAL TRANSPORTATION SERVICE-1 – (GTS-1) - CONTINUED

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.
3. A Customer that transfers from Company's Regulated Sales Service to Transportation Service as authorized under the Company's Tariff may be required to pay a transition charge in the future to prevent the remaining Regulated Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the Regulated Sales Service Customers switching to Transportation Service.

GENERAL SERVICE - 1 – EXPANSION AREA (GS-1 EXP)

Availability:
This Rate Schedule is available to any Customer within the southeastern Sussex County, Delaware, expansion area using gas for commercial and/or industrial purposes. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware.

Applicability:
Applicable to any Non-Residential service classification with an annual consumption of less than 4,143 Therms.

Character of Service:
Natural gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

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

Customer Charge:		$56.00 per Meter per Month
Non-Fuel Energy Charge:	First 52 Therms	$0.58296 per Therm
	Over 52 Therms	$0.08111 per Therm

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

GENERAL SERVICE - 1 – EXPANSION AREA (GS-1 EXP) - CONTINUED

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

GENERAL TRANSPORTATION SERVICE - 1 – EXPANSION AREA (GTS-1 EXP)

Availability:
This Rate Schedule is available to any Customer within the southeastern Sussex County, Delaware, expansion area using gas for commercial and/or industrial purposes. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware.

Applicability:
Available to any Non-Residential service classification with an annual consumption of less than 4,143 Therms.

Character of Service:
Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

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

Customer Charge:		$56.00 per Meter per Month
Transportation Charge:	First 52 Therms	$0.58296 per Therm
	Over 52 Therms	$0.08111 per Therm
Retainage:		Determined annually, five (5) year average.

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

GENERAL TRANSPORTATION SERVICE - 1 – EXPANSION AREA (GTS-1 EXP) - CONTINUED

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.
3. A Customer that transfers from Company's Regulated Sales Service to Transportation Service as authorized under the Company's Tariff may be required to pay a transition charge in the future to prevent the remaining Regulated Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the Regulated Sales Service Customers switching to Transportation Service.

GENERAL SERVICE-1 – UNDERSERVED AREA (GS-1 USA)

Availability and Applicability:
This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes with an annual consumption of less than 4,143 Therms, and who choose to utilize the GS-1 USA rate to make the estimated costs and revenues of the extension to serve economic.

For all projects, outside of the Company's existing southeastern Sussex County, DE Expansion Area that require a new main extension to provide service, the economic criteria of the project will be evaluated at the Company's standard tariff rates in accordance with Section F – Facility Extensions. Should the project fail to meet the return requirement under those conditions, the - project will be evaluated utilizing the revenues estimated with GS-1 USA rates. If the project is economic utilizing GS-1 USA rates, the Customer can choose to accept service under the GS-1 USA rates, or pay a Contribution In Aid of Construction ("CIAC").

The premises will be assessed the Underserved Area rate for a period of 13 years, after which time they will be reclassified to the applicable standard tariff residential rate class during the Company's rate schedule review as set forth on Section I – Assignment of Rate Schedules. All premises receiving service from a main extension that is initially made economic through the use of Underserved Area rates will also be assessed the Underserved Area rate for a period of 13 years.

Character of Service:
Natural gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

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

Customer Charge:		$56.00 per Meter per Month
Non-Fuel Energy Charge:	First 52 Therms	$0.58296 per Therm
	Over 52 Therms	$0.08111 per Therm

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

GENERAL SERVICE-1 UNDERSERVED AREA– (GS-1-USA) - CONTINUED

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

GENERAL TRANSPORTATION SERVICE-1 – UNDERSERVED AREA (GTS-1 USA)

Availability and Applicability:
This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes with an annual consumption of less than 4,143 Therms, and who choose to utilize the GS-1 USA rate to make the estimated costs and revenues of the extension to serve economic.

For all projects, outside of the Company's existing southeastern Sussex County, DE Expansion Area that require a new main extension to provide service, the economic criteria of the project will be evaluated at the Company's standard tariff rates in accordance with Section F – Facility Extensions. Should the project fail to meet the return requirement under those conditions, the - project will be evaluated utilizing the revenues estimated with GTS-1 USA rates. If the project is economic utilizing GTS-1 USA rates, the Customer can choose to accept service under the GTS-1 USA rates, or pay a Contribution In Aid of Construction ("CIAC").

The premises will be assessed the Underserved Area rate for a period of 13 years, after which time they will be reclassified to the applicable standard tariff residential rate class during the Company's rate schedule review as set forth on Section I – Assignment of Rate Schedules. All premises receiving service from a main extension that is initially made economic through the use of Underserved Area rates will also be assessed the Underserved Area rate for a period of 13 years.

Character of Service:
Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

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

Customer Charge:		$56.00 per Meter per Month
Transportation Charge:	First 52 Therms	$0.58296 per Therm
	Over 52 Therms	$0.08111 per Therm
Retainage:		Determined annually, five (5) year average.

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

GENERAL TRANSPORTATION SERVICE-1 – UNDERSERVED AREA - (GTS-1 - USA) - CONTINUED

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.
3. A Customer that transfers from Company's Regulated Sales Service to Transportation Service as authorized under the Company's Tariff may be required to pay a transition charge in the future to prevent the remaining Regulated Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the Regulated Sales Service Customers switching to Transportation Service.

GENERAL SERVICE-2 – (GS-2)

Availability:
Available within the service areas of the Company.

Applicability:
Applicable to any Non-Residential service classification with an annual consumption greater than or equal to 4,143 Therms and less than 15,535 Therms.

Character of Service:
Natural gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

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

Customer Charge:		$115.00 per Meter per Month
Non-Fuel Energy Charge:	First 207 Therms	$0.24381 per Therm
	Over 207 Therms	$0.12081 per Therm

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

Terms and Conditions:
1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

GENERAL TRANSPORTATION SERVICE-2 – (GTS-2)

Availability:
Available within the service areas of the Company.

Applicability:
Applicable to any Non-Residential service classification with an annual consumption greater than or equal to 4,143 Therms and less than 15,535 Therms.

Character of Service:
Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

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

Customer Charge:		$115.00 per Meter per Month
Transportation Charge:	First 207 Therms	$0.24381 per Therm
	Over 207 Therms	$0.12081 per Therm
Retainage:		Determined annually, five (5) year average.

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

GENERAL TRANSPORTATION SERVICE-2 – (GTS-2) - CONTINUED

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.
3. A Customer that transfers from Company's Regulated Sales Service to Transportation Service as authorized under the Company's Tariff may be required to pay a transition charge in the future to prevent the remaining Regulated Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the Regulated Sales Service Customers switching to Transportation Service.

GENERAL SERVICE-2 – EXPANSION AREA (GS-2 EXP)

Availability:
This Rate Schedule is available to any Customer within the southeastern Sussex County, Delaware, expansion area using gas for commercial and/or industrial purposes. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware.

Applicability:
Applicable to any Non-Residential service classification with an annual consumption greater than or equal to 4,143 Therms and less than 15,535 Therms.

Character of Service:
Natural gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

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

Customer Charge:		$159.00 per Meter per Month
Non-Fuel Energy Charge:	First 207 Therms	$0.24381 per Therm
	Over 207 Therms	$0.12081 per Therm

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

GENERAL SERVICE-2 – EXPANSION AREA (GS-2 EXP) - CONTINUED

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

GENERAL TRANSPORTATION SERVICE-2 – EXPANSION AREA (GTS-2 EXP)

Availability:
This Rate Schedule is available to any Customer within the southeastern Sussex County, Delaware, expansion area using gas for commercial and/or industrial purposes. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware.

Applicability:
Applicable to any Non-Residential service classification with an annual consumption greater than or equal to 4,143 Therms and less than 15,535 Therms.

Character of Service:
Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

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

Customer Charge:		$159.00 per Meter per Month
Transportation Charge:	First 207 Therms	$0.24381 per Therm
	Over 207 Therms	$0.12081 per Therm
Retainage:		Determined annually, five (5) year average.

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

GENERAL TRANSPORTATION SERVICE-2 – EXPANSION AREA (GTS-2-EXP) - CONTINUED

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.
3. A Customer that transfers from Company's Regulated Sales Service to Transportation Service as authorized under the Company's Tariff may be required to pay a transition charge in the future to prevent the remaining Regulated Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the Regulated Sales Service Customers switching to Transportation Service.

GENERAL SERVICE-2 – UNDERSERVED AREA (GS-2 USA)

Availability and Applicability:
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 and equal to 4,143 Therms and less than 15,535 Therms, and who choose to utilize the GS-2 USA rate to make the estimated costs and revenues of the extension to serve economic.

For all projects, outside of the Company's existing southeastern Sussex County, DE expansion area that require a new main extension to provide service, the economic criteria of the project will be evaluated at the Company's standard tariff rates in accordance with Section F – Facility Extensions. Should the project fail to meet the return requirement under those conditions, the project will be evaluated utilizing the revenues estimated with GS-2 USA rates. If the project is economic utilizing GS-2 USA rates, the Customer can choose to accept service under the GS-2 USA rates or pay a Contribution In Aid of Construction ("CIAC").

The premises will be assessed the Underserved Area rate for a period of 13 years, after which time they will be reclassified to the applicable standard tariff residential rate class during the Company's rate schedule review as set forth on Section I – Assignment of Rate Schedules. All premises receiving service from a main extension that is initially made economic through the use of Underserved Area rates will also be assessed the Underserved Area rate for a period of 13 years.

Character of Service:
Natural gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

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

Customer Charge:		$105.50 per Meter per Month
Non-Fuel Energy Charge:	First 207 Therms	$0.24381 per Therm
	Over 207 Therms	$0.12081 per Therm

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

GENERAL SERVICE-2 – UNDERSERVED AREA (GS-2 USA) - CONTINUED

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

GENERAL TRANSPORTATION SERVICE-2 – UNDERSERVED AREA (GTS-2 USA)

Availability and Applicability:
This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes with an annual consumption greater than or equal 4,143 Therms and less than 15,535 Therms, and who choose to utilize the GTS-2 USA rate to make the estimated costs and revenues of the extension to serve economic.

For all projects, outside of the Company's existing southeastern Sussex County, DE expansion area that require a new main extension to provide service, the economic criteria of the project will be evaluated at the Company's standard tariff rates in accordance with Section F – Facility Extensions. Should the project fail to meet the return requirement under those conditions, the project will be evaluated utilizing the revenues estimated with GTS-2 USA rates. If the project is economic utilizing GTS-2 USA rates, the Customer can choose to accept service under the GTS-2 USA rates or pay a Contribution In Aid of Construction ("CIAC").

The premises will be assessed the Underserved Area rate for a period of 13 years, after which time they will be reclassified to the applicable standard tariff residential rate class during the Company's rate schedule review as set forth on Section I – Assignment of Rate Schedules. All premises receiving service from a main extension that is initially made economic through the use of Underserved Area rates will also be assessed the Underserved Area rate for a period of 13 years.

Character of Service:
Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

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

Customer Charge:		$105.50 per Meter per Month
Transportation Charge:	First 207 Therms	$0.24381 per Therm
	Over 207 Therms	$0.12081 per Therm
Retainage:		Determined annually, five (5) year average.

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

GENERAL TRANSPORTATION SERVICE-2 – UNDERSERVED AREA (GTS-2-USA) - CONTINUED

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.
3. A Customer that transfers from Company's Regulated Sales Service to Transportation Service as authorized under the Company's Tariff may be required to pay a transition charge in the future to prevent the remaining Regulated Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the Regulated Sales Service Customers switching to Transportation Service.

GENERAL SERVICE-3 – (GS-3)

Availability:
Available within the service areas of the Company.

Applicability:
Applicable to any Non-Residential service classification with an annual consumption greater than or equal to 15,535 Therms.

Character of Service:
Natural gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

Electronic Measurement Equipment:
All Customers (except Summer Peaking Customers), whose annual consumption of Gas exceeds 100,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

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

Customer Charge:		$188.00 per Meter per Month
Non-Fuel Energy Charge:	First 1,036 Therms	$0.40855 per Therm
	Over 1,036 Therms	$0.10119 per Therm

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

Terms and Conditions:
1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale of transportation of CNG to third parties.

GENERAL TRANSPORTATION SERVICE-3 – (GTS-3)

Availability:
Available within the service areas of the Company.

Applicability:
Applicable to any Non-Residential service classification with an annual consumption greater than 15,535 Therms.

Character of Service:
Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:
All Customers (except Summer Peaking Customers) receiving Transportation Service, whose daily consumption of Gas exceed 1,500 Therms shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate

Customer Charge:		$188.00 per Month
Transportation Charge:	First 1,036 Therms	$0.40855 per Therm
	Over 1,036 Therms	$0.10119 per Therm

Retainage: Determined annually, five (5) year average.

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

GENERAL TRANSPORTATION SERVICE-3 – (GTS-3) - CONTINUED

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.
3. A Customer that transfers from Company's Regulated Sales Service to Transportation Service as authorized under the Company's Tariff may be required to pay a transition charge in the future to prevent the remaining Regulated Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the Regulated Sales Service Customers switching to Transportation Service.

GENERAL SERVICE - HIGH LOAD FACTOR SERVICE – (GS-HLFS)

Availability:
This Rate Schedule is available to any natural gas Non-Residential Customer that otherwise qualifies for rate schedules GS-2 or GS-3 using gas for commercial and/or industrial purposes with winter months consumption, defined as the months of January through March, being less than thirty-five percent (35%) of their annual consumption. In addition, the Customer must use gas in at least eleven (11) of the twelve (12) months under review and usage must be fairly evenly distributed throughout the review period.

Applicability:
Subject to availability, applicable to any Non-Residential Customer that would otherwise qualify for rate schedules GS-2 or GS-3.

Character of Service:
Natural gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

Electronic Measurement Equipment:
All Customers (except Summer Peaking Customers) receiving Transportation Service, whose daily consumption of Gas exceed 1,500 Therms shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	$143.00 per Meter per Month
Non-Fuel Energy Charge:	$0.10210 per Therm

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

GENERAL SERVICE-HIGH LOAD FACTOR SERVICE – (GS-HLS) - CONTINUED

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.

GENERAL SERVICE - HIGH LOAD FACTOR TRANSPORTATION SERVICE – (GS--HLFTS)

Availability:
This Rate Schedule is available to any natural gas Non-Residential Customer that otherwise qualifies for rate schedules GTS-2 or GTS-3 using gas for commercial and/or industrial purposes with winter months consumption, defined as the months of January through March, being less than thirty-five percent (35%) of their annual consumption. In addition, the Customer must use natural gas in at least eleven (11) of the twelve (12) months under review and usage must be fairly evenly distributed throughout the review period.

Applicability:
Subject to availability, applicable to any Non-Residential Customer that would otherwise qualify for rate schedules GTS-2 or GTS-3.

Character of Service:
Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:
All Customers (except Summer Peaking Customers) receiving Transportation Service, whose daily consumption of Gas exceed 1,500 Therms shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate

Customer Charge:	$143.00 per Month
Transportation Charge:	$0.10210 per Therm
Retainage:	Determined annually, five (5) year average.

Minimum Bill:
The Customer Charge.

Terms of Payment:
Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:
The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

GENERAL SERVICE – HIGH LOAD FACTOR TRANSPORTATION SERVICE – (GS-HLFTS) - CONTINUED

Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Natural gas purchased hereunder is for the use of the Customer in one (1) location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles and except for sale or transportation of CNG to third parties.
3. A Customer that transfers from Company's Regulated Sales Service to Transportation Service as authorized under the Company's Tariff may be required to pay a transition charge in the future to prevent the remaining Regulated Sales Service Customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the Regulated Sales Service Customers switching to Transportation Service.

NEGOTIATED CONTRACT RATE – (NCR)

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

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

1. The Customer's consumption is greater than 15,000 Therms per year or the Customer is a Commercial Customer that is a poultry house owner, operator or integrator.
2. The Customer has an economic competitive alternative to full or partial service from the Company's standard Tariff rates, as determined by the Company.
3. The Customer is likely to select said alternative if the Company does not provide a negotiated contract rate.
4. The price to the Customer will provide net revenues above the incremental costs to provide service under this negotiated rate contract.
5. The Customer desires pricing for a term of one year or more which requires a gas supply tailored to the specified term and pricing conditions.

Notwithstanding the provisions in this rate schedule, the Company may enter into an NCR Agreement with a Customer that agrees to allow the Company to manage Customer's demand and that has executed an NCR Service Agreement which is accepted by the Company.

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

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

NEGOTIATED CONTRACT RATE– (NCR) - CONTINUED

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

Contract Term:
The contract term shall be specified in a contract between the Customer and the Company.

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

Special Terms and Provisions:

1. Upon agreement on service options, the Customer and the Company shall enter into a contract which specifies the services and the terms and conditions of providing the services. The Customer must sign the Contract prior to commencement of this service and any investment by the Company. Service under the contractual agreement will commence on the date specified in the contract.
2. The contract shall be considered a confidential document between the Company and Customer. By signing the contract, the Customer and the Company agree not to share the contract or information contained within the contract with anyone except the parties to the contract, the Public Service Commission of Delaware and the Office of Peoples Counsel, unless given written consent from the other party. Violations by the Customer of the confidentiality agreement shall permit the Company to immediately terminate the contract with the Customer and serve the Customer under another rate schedule for which the Customer qualifies. The Customer shall also be responsible for the penalty provision described below and additional damages or prejudices to any other existing or potential contracts resulting from the breach of confidentiality.
3. The contract between the Company and the Customer shall include penalty provisions for early contract cancellation. If at any time prior to the end of the contract term the Customer elects to terminate the contractual agreement with the Company without exercising a re-contracting option for continuing service, the Customer shall be obligated to the terms for cancellation as specified within the contract.
4. The Company may offer value-added services in conjunction with the contract. All service attributes agreed to between the Company and the Customer shall be included in the contract.
5. The Company shall file a copy of the contract with the Public Service Commission of Delaware for informational purposes within thirty (30) days of the executed Contract.
6. In addition to the Delivery Service rate, customers served under this rate schedule may be subject to one or more riders or billing adjustments listed on Sheet Nos. 7.300 - 7.409 that are applicable to the service received.

OFF SYSTEM SALES SERVICE – (OSSS)

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

Applicability:
Delivered natural Gas supply capacity and supply combined, delivered by Company through the facilities of a Transportation Service Provider ("TSP"), using Company's transportation capacity rights on such TSP's pipeline.

Limitation of Service:
Company may notify Customer at any time to reduce or cease using Natural Gas. Company will endeavor to give as much notice as possible to Customer.

Any Gas taken in excess of the volume allocated to Customer during an interruption or Curtailment order shall be considered to be unauthorized overrun Gas. Company may bill and Customer shall pay for such unauthorized overrun Gas, in addition to other charges payable hereunder, at the greater of $15.00 per Therm or the rate per Therm imposed on Company by the delivering Pipeline.

For each day on which Customer desires to receive service pursuant to this rate schedule, Customer shall provide a Nomination to Company specifying the quantity of Natural Gas it desires to receive at the specified point of delivery pursuant to this Agreement.

Following receipt of a timely and complete Nomination from Customer, Company will confirm the quantities of Natural Gas to be made available for delivery to Customer at such point of delivery. Quantities confirmed by the Company for delivery shall be "Scheduled Quantities".

Except as nominated by Customer and scheduled by Company, neither Customer nor Company shall have any obligation to the other for any specific minimum quantity of
Natural Gas or pipeline capacity on any day or during any Month. Deliveries pursuant to this rate schedule shall be subject to Curtailment or interruption at any time in the sole discretion of Company.

OFF SYSTEM SALES SERVICE – (OSSS) - CONTINUED

Limitation of Service Continued

The point of delivery for all-natural Gas sold pursuant to this rate schedule shall be the Delivery Point of the delivering Pipeline specified by Customer. The Delivery Point operator shall be solely responsible for all balancing with the Pipeline, financially and physically.

The Company shall rely on confirmations made by the TSP. Unless curtailed, all Nominations to Customer's TSP's Delivery Point shall be considered to have been made by the TSP.

Service Interruption:
The Customer agrees to accept complete interruption of service upon at least four (4) hour advance notice from any hour of the day. If the customer fails to interrupt service, the Customer shall pay a penalty rate of fifteen dollars ($15.00) per Therm in addition to the currently effective rates. The penalty rate, which shall be credited to firm Customers through the GSR mechanism, shall remain in effect until such time as the Company, in its sole discretion, determines that normal service can be restored. The Customer agrees to hold the Company harmless from any loss, cost or damage occasioned by the interruption of service resulting from the Company's enforcement of this provision. In the event the Customer has an emergency that would cause the Customer great hardship if gas service were interrupted, the Company may, at its sole discretion based on available gas supply, waive interruption for a specified period of time.

If the Customer fails to interrupt by the end of the specified period, the Customer shall pay the penalty shown above.

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

Delivery Service Rate:
The gas rate for natural gas service shall be a negotiated, market-based rate. Company may from time to time increase or reduce the Delivery Service Rate as it deems necessary or appropriate to remain competitive but shall have no obligation to do so.

Billing Adjustments:

Gas Sales Rate:	Not applicable
All other Billing Adjustments:	Sheet Nos. 7.300 - 7.409

OFF SYSTEM SALES SERVICE – (OSSS) - CONTINUED

Minimum Bill: Not applicable

Payment Terms:
Bills are rendered net and are due and payable within twenty (20) calendar days from date of presentation by the Company.

Terms and Conditions:

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

Disposition of Net Revenues:
For purposes of this rate schedule “net revenues” shall mean the total Non-Fuel Energy Charges received by Company for service pursuant to this rate schedule, revenues received by Company for Natural Gas above the cost of Natural Gas to the Company and revenues received by Company for pipeline demand charges above the prevailing rates for like period(s) as negotiated by Pipeline Customers via the TSP’s Relinquishment program on its Electronic Bulletin Board system. Disposition of net revenues received by Company during each Month that service is provided pursuant to this rate schedule shall be as follows:

Twenty (20%) of the net revenues shall be retained by Company. The remaining eighty percent (80%) of the net revenues shall be used to reduce Company’s cost of Natural Gas recovered through the Gas Sales Rate.

NATURAL GAS VEHICLE SERVICE – (NGVS)

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

This gas service will be available at Chesapeake Utilities Corporation, 500 Energy Lane, Dover, Delaware 19901. Service hereunder is subject to availability of the Company's gas supply, adequate distribution system capabilities and other resources available to and as determined by the Company.

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

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

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

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

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

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

POOL MANAGER RATE SCHEDULES

POOL MANAGER SERVICE – (PMS)

Applicability:
The provisions of this Rate Schedule shall apply to each broker, marketer or other third-party supplier (collectively "Pool Manager") of natural Gas that wishes to act as Agents for the purpose of purchasing and scheduling natural Gas for Customers electing Transportation Services. Pool Managers desiring to provide service to Customers will be required to sign a Pool Manager Agreement in which they will agree to be bound by the terms and conditions of the Company's Commission Gas Tariff.

Term of Contract:
The term of the Pool Manager Agreement shall be at least one (1) year and from month to month thereafter unless terminated upon sixty (60) days written notice.

Creditworthiness:

1. All Pool Managers shall establish credit prior to commencing deliveries of Gas and shall maintain such credit during the term hereof. The amount of credit established by each Pool Manager will be equal to the greater of $10,000 or an amount equal to Pool Manager's highest two months aggregated DDR for the most recent 24-month period multiplied by the applicable Transportation Service Provider's applicable rate schedule(s). Credit will be established by one of the following methods:

    a. Payment of a cash deposit with Company;
    b. Furnishing an irrevocable letter of credit from a bank;
    c. Furnishing a surety bond issued by an entity acceptable to the Company;
    d. Possessing and maintaining a Standard & Poor's Long-Term Debt Rating of A- or better, a Moody's rating of A3 or better, or a comparable rating by another nationally recognized rating organization acceptable to Company; or
    e. Providing an acceptable parental or corporate guarantee.

    If the Pool Manager seeks to establish credit pursuant to paragraph 1e above, Pool Manager shall furnish to Company Pool Manager's audited financial statements (accompanied by the opinion of an independent certified public accountants or chartered accountants of a recognized national or regional standing) for at least the two most recently completed fiscal years.

    All Pool Manager deposits will be subject to an annual review by Company and will be adjusted and billed accordingly. The minimum deposit maintained by each Pool Manager will be $10,000.

POOL MANAGER SERVICE – (PMS) - CONTINUED

Creditworthiness Continued

Upon meeting Company's standards for creditworthiness, Company will include Pool Manager on Company's list of Approved Pool Managers. Company shall not be required to permit any Pool Manager who fails to provide the above referenced documentation to sell natural Gas on Company's distribution system.

In the event that Pool Manager defaults in its payment obligation to Transportation Service Provider for capacity relinquished as defined below, Company upon receiving notification from Transportation Service Provider of such default shall immediately terminate Pool Manager Agreement with Pool Manager. Company will not be required to permit any Pool Manager who defaults in its payment obligation to Transportation Service Provider to sell natural Gas on Company's distribution system.

Capacity Relinquishment:
Pool Manager will be required to accept a Capacity Relinquishment as required in this Tariff. Failure to accept Capacity Relinquishment by Pool Manager may result in Curtailment of service to Customers being served by Pool Manager or termination of Pool Manager.

Supplying Gas for Delivery:
Pool Manager shall be responsible for purchasing the natural Gas to be delivered for Customers served by the Pool Manager and for causing the same to be delivered to the Company's City Gate(s). Pool Manager shall diligently and in a timely manner take all actions required under the General Terms and Conditions of Transportation Service Provider's FERC Tariff to effectuate such delivery of natural Gas.

Force Majeure:
Except for making payments due, neither the Company nor the Pool Manager shall be liable in damage to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, including any government-mandated quarantines associated therewith, landslides, lightning, earthquakes, fires, storms, floods, unforeseeable or unusual weather conditions, washouts, arrests and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze ups, temporary failure of Gas supply, the binding order of any court or governmental authority which has been resisted in good faith by all

POOL MANAGER SERVICE – (PMS) - CONTINUED

Force Majeure Continued

reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, and whether caused or occasioned by or happening on account of the act or omission of Company or Customer or any other person or concern not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or present any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

Neither party will be entitled to the benefit of the force majeure provision hereof under either or both of the following circumstances: i) to the extent that the failure was caused by the party claiming suspension having failed to remedy the condition by taking all reasonable acts, short of litigation, if such remedy requires litigation, and having failed to resume performance of such commitments or obligations with reasonable dispatch; or ii) if the failure was caused by lack of funds, or with respect to the payment of any amount or amounts then due hereunder.

Aggregated Daily Demand Requirement:
Company will calculate the Pool Manager's aggregated Daily Demand Requirement by summing Pool Manager's Daily Demand Requirements, plus applicable Retainage, for each Customer being served by Pool Manager and rounding the total to the next greatest dekatherm. The Company will inform Pool Manager via e-mail of Pool Manager's aggregated Daily Demand Requirement by City Gate for the upcoming Month upon expiration of Company's enrollment deadline.

The Company shall assess the Pool Manager a per MMBtu charge equal to the higher of $30.00 or 200% of the highest of the Transco zone 6 Non-New York or TETCO M3 Midpoint price published in Platts Gas Daily for each day when delivery to Company by Pool Manager differs from Pool Manager's delivery requirements set forth in Section R as applicable above. The Company may waive this charge from time-to-time on a non-discriminatory basis.

Pool Manager Nominations
Each Pool Manager shall submit to Company first of the month scheduling and nomination information simultaneously with its submission to Transportation Service Provider(s). In addition, no later than the fifteenth (15^{th}) of each month, Pool Manager may submit a mid-month nomination change for each Customer Pool. Pool Manager shall submit to Company, this scheduling and nomination information simultaneously with its submission to Transportation Service Provider(s).

POOL MANAGER SERVICE – (PMS) - CONTINUED

Pool Manager Nominations Continued

Such Nomination shall include the following information:

1. The Customer, Shipper's Designee or Pool Manager's account number under which service is being nominated – "Del Loc" (Delivery Location);
2. The Company Receipt Point location including applicable POI and upstream pipeline name, package ID "Pkg ID" (Package ID), including Customer's or Pool Manager's Company account number "Dn K" (Downstream Contract), and quantity in Therms of Gas to be tendered at each Company Receipt Point "Nom Del Qty" (Pool Manager Delivery Quantity);
3. The downstream delivery facility name, and quantity in Therms of Gas to be delivered
4. for each Company Customer account or Pool "Dn Name" (Duns Number);
5. A beginning and ending date for each Nomination;
6. Ranking for allocation 'Del Rank" (Delivery Rank)

Only Nominations with clearly matching identifiers will be scheduled and subsequently delivered by Company.

Pool Manager Warranty:
Each Pool Manager warrants that it will have at the time it delivers or causes the delivery of natural Gas into the Company's distribution system good title to deliver the Gas. Each Pool Manager warrants that the natural Gas it delivers or causes to be delivered shall be free and clear of all liens, encumbrances, and claims whatsoever; that it will indemnify the Company and hold it harmless from all suits, actions, debts, losses and expenses arising from any adverse claims of any person to the natural Gas; and that it will indemnify the Company and hold it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by the party making delivery.

Responsibility for Natural Gas:
The Company and the Pool Manager shall be jointly and severely liable for the natural Gas while it is in the Company's distribution system between Company's City Gate(s) and the point of delivery to the Customer. The Pool Manager shall be solely liable for the natural Gas until it is delivered to Company's City Gate(s). The party or parties thus responsible for the natural Gas shall bear liability for all injury or damage caused thereby. Notwithstanding anything to the contrary stated herein, a Pool Manager shall indemnify the Company for all injury, damage, loss, or liability of the Company caused by Pool Manager's delivery of natural Gas not complying with the Natural Gas Quality section below.

POOL MANAGER SERVICE – (PMS) - CONTINUED

Natural Gas Quality:
All-natural Gas delivered, or caused to be delivered, into Company's distribution system by or on behalf of a Pool Manager will be merchantable and shall conform to the natural Gas quality specifications set forth in the "Quality of Gas" section of this Tariff.

Billing:
The Company shall render to a Pool Manager on or before the 20th calendar day of each Month a bill for Pool Manager's monthly Customer Charge and for all imbalance charges as defined in Billing Adjustments during the preceding Month.

Payment:
Pool Manager shall pay the Company the amount due under any bill from the Company within ten (10) days after receipt by the Pool Manager of the bill from the Company. The Company may at its option require the Pool Manager to make payment of any bill by electronic transfer within such ten (10) day period. Any bill not paid within such ten (10) day period shall bear interest at the rate of one and one-half percent (1.5%) per Month.

Billing Disputes:
Pool Manager may dispute the amount of any bill by notifying the Company within sixty (60) days of receipt by the Pool Manager of the bill from the Company. If a Pool Manager in good faith disputes the amount of any bill, the Pool Manager shall nevertheless pay to the Company the amount of such bill. Company shall have thirty (30) days to resolve such disputes with Pool Manager and will refund to Pool Manager any amount resolved in favor of Pool Manager within ten (10) days of such resolution.

Termination of Service:
Pool Manager will be responsible for providing Company with a duly executed CI Pool Manager Customer Termination Notice not less than thirty (30) Working Days prior to the Pool Manager's desired date for termination of service to Customer.

SHIPPER ADMINISTRATIVE SERVICE - (SAS)

Availability:
Throughout the service areas of the Company.

Applicability:
Service under this Rate Schedule is mandatory for all CI Pool Managers, except for those CI Customers receiving service through the Contract Transportation Service, Special Contract Service, or Negotiated Contract Rate, delivering, or causing to be delivered, Gas to the Company's distribution system for transportation to Customers.

Monthly Rate:

CI Pool Administration Charge:	$850.00
Per Customer Charge:	$13.00 per Customer

Minimum Charge:
The CI Pool Administration Charge.

Billing Adjustments:
The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300 - 7.409.

BALANCING SERVICE RIDER

Applicability:

The Company will balance normal fluctuations between Pool Manager daily Gas deliveries and their Customer's daily gas consumption requirements. This service shall be billed to the Pool Manager through a load balancing charge set forth below.

The Company provides balancing only for the fluctuations between Pool Manager deliveries and their Customers' consumption. Balancing is not intended to be used for speculation as to energy prices, to borrow gas for later replacement, or to store gas for future use during periods of interruption or curtailment. The Pool Manager shall use its best efforts, including ongoing communication with Customers to balance its daily gas purchases, nominations, and deliveries with daily Customer gas consumption requirements.

The Balancing Service Rider charge is a volumetric charge per Therm and applies to the respective transportation service rate schedules listed below and does not apply to the Regulated Sales Service. The Balancing Service Rider charge will be calculated to the nearest thousandths of a cent (.00001¢) per Therm and will apply to all Transportation Service Gas consumption.

Rate Schedules	Balancing Charge Rate per Therm
GTS-1	$0.16584
GTS-1 EXP	$0.16584
GTS-1 USA	$0.16584
GTS-2	$0.20025
GTS-2 EXP	$0.20025
GTS-2 USA	$0.20025
GTS-3	$0.17135
GS- HLFTS	$0.02019

BILLING ADJUSTMENTS
GAS SALES SERVICE RATES – (GSR)

Firm Rate Schedules:
The Gas Sales Service Rates applicable to the respective Rate Schedules, as listed below, will be applied to all Customers served on that schedule based on a volumetric charge per Therm. The Gas Sales Service Rates only apply to the respective Rate Schedules listed below and do not apply to the Transportation Service rate schedules, Negotiated Contract Rate, and Interruptible Best Efforts Sales Service. The Gas Sales Service Rates will be calculated to the nearest thousandths of a cent (0.00001¢).

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

Rate Schedule	Gas Sales Service Rate per Therm
RES, RES-1 EXP, RES-2 EXP, RES-USA	$1.20655
GS-1, GS-1 EXP, GS-1 USA	$1.20655
GS-2, GS-2 EXP, GS-2 USA	$1.20655
GS-3	$1.20655
GS-HLFS	$0.98250

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

The November 1 rates will be based on a projected twelve-month period of November through October (projected period). The rates computed under this rate schedule shall remain in effect for the projected period provided the latest estimated over collection does not exceed 4½% or the latest estimated under collection does not exceed 6% of the actual firm gas costs incurred to date along with the Company's latest firm gas cost estimates for the remainder of the over/under collection period (over/under period). The twelve-month period used for the calculation of the over/under period will be based on the actual nine months ended July 31 of each year and the projected three months ended October 31 of each year. If it appears that the use of these rates for the twelve-month over/under period will result in an over or under collection exceeding these limits, the Company shall apply to the Commission for revised rates to be effective until the next annual adjustment in the rates. If the Company's estimated over or under collection exceeds 3%, but is below the 6% under or 4.5% over collection estimate thresholds as noted above, then the Company has the option of applying to the Commission for revised rates to be effective until the next annual adjustment in rates.

GAS SALES SERVICE RATES – (GSR) - CONTINUED

Overall Methodology:

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

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

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

Allocation to Respective Firm Rate Schedules:

Rate Schedule GS-HLFS – Rate Schedule General Service - High Load Factor Service will be charged a single gas cost rate per Therm based on the combination of a weighted average Demand and Commodity Rate developed on 83.48% load factor for the customer class with the overall system weighted average gas cost rate. The purchased gas costs will be allocated to this Rate Schedule based on its annual consumption for the projected period.

GAS SALES SERVICE RATES – (GSR) - CONTINUED

Rate Schedule RES, RES-1 EXP, RES-2 EXP, RES-USA, GS-1, GS-1 EXP, GS-1 USA, GS-2, GS-2 EXP, GS-2 USA, and GS-3 - These rate schedules will be assigned the remaining firm purchased gas costs after the firm purchased gas costs have been allocated to the above mentioned Rate Schedules less the portion of any shared margins resulting from capacity release, or off-system sales. These Rate Schedules will be charged a single gas cost rate per Therm. This rate will reflect the sum of the projected demand and commodity costs for these classes divided by the sum of their annual consumption for the projected period.

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

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

Unaccounted for Gas Incentive Mechanism:
The Unaccounted for Gas Incentive Mechanism was originally approved by the Commission on an experimental basis for the following three (3) consecutive twelve (12) month ending periods: August 31, 1993, 1994 and 1996. The Commission reviewed the Incentive Mechanism and determined it should be continued beyond the initial three (3) year period by Order No. 4189 in PSC Docket No. 95-206F.

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

1. Unaccounted for Gas shall be defined as the difference between total gas sales, billed and unbilled, and total gas send-out, exclusive of Company-use gas and pressure compensated gas volumes.

2. The Unaccounted for Gas Target (UFG-T) shall be three and two tenths percent (3.20%) of total gas send out or total gas requirements.

GAS SALES SERVICE RATES – (GSR) - CONTINUED

3. The Dead Band shall mean +/- one-half percent (0.5%) around the three and two tenths percent (3.20%) UFG-T. Unaccounted for Gas volumes which are within two and seven tenths percent (2.70%) to three and seven tenths percent (3.70%) of total gas send out will be considered to be within the "dead band". Unaccounted For Gas volumes within the dead band will be regarded as meeting the objectives of this mechanism.

Process:

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

CUSTOMER RIDERS

ENVIRONMENTAL RIDER – (ER)

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

Applicability:
The environmental rider will be applicable to all firm Delivery Service Customers.

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

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

Rate:
The rate for the rider effective December 1, 2025 is $0.00074 per Therm.

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

Amortization Factor:
Recovery of net environmental costs incurred during an Environmental Cost Year will be accomplished through a five (5) year amortization, offset by the tax benefit associated with those environmental costs as defined below. A net annual amortization amount will be calculated for each of the five (5) years of amortization scheduled for the Environmental Cost Year. The

ENVIRONMENTAL RIDER – CONTINUED

Amortization Factor Continued

amortization factor for any year will be comprised of the total net annual amount scheduled for that year.

Reconciliation Factor:
The reconciliation factor shall be equal to the over/under collection of the environmental cost rider. Over/under collection is the accumulated experienced net over or under recovery of the environmental costs during the twelve (12) month period ending with the month of August immediately preceding the beginning of the next Recovery Year.

Rider Rate:
The rider rate shall be equal to the sum of the amortization and reconciliation factors divided by projected firm sales over the next recovery period of December 1 through November 30. The rate shall be rounded to five (5) decimal places per Therm.

Definitions:

1. Environmental Cost Year:
   Means the time period over which environmental costs are incurred and any payments from other parties are netted against the costs. For purposes of this rider, the Environmental Cost Year will be from October 1 through September 30. The Environmental Cost Year will include actual data recorded for the year. Recovery of environmental costs for an Environmental Cost Year will begin with the Recovery Year that starts immediately following the end of the Environmental Cost Year.

2. Recovery Year:
   Means each December 1 through November 30 and is the time period over which the annually calculated environmental rider rate will be billed to firm customers.

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

TBn = AECn * [(5-x)/5] * 0.1306 * 0.39742 where

AECn = Actual Environmental Costs incurred in Environmental Cost Year "n"

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

ENVIRONMENTAL RIDER – CONTINUED

Recovery Year Continued

0.1306 = Before Tax Cost Rate

0.39742 = Effective Combined Federal and State Income Tax Rate

The Before Tax Cost Rate of 0.1306 and the Effective Combined Federal and State Income Tax Rate of .39742 are the rates at the time of implementation of this rider and are subject to change. Any change in the Before Tax Cost Rate will be implemented starting when the next Rider Rate is calculated for the next Recovery Year. Any change in the Effective Combined Federal and State Income Tax Rate will be implemented starting with the recovery calculation for next Environmental Cost Year that ends after the rate changes.

NCR LEGACY SYSTEM IMPROVEMENT RATE – (NCR-LSIR) - CLOSED

Purpose:
The purpose of this rider is to recover the lost revenues from zeroing the DSIC rate for NCR customers as part of a rate case, which revenues would otherwise be recovered from non-NCR Customers.

Applicability:
The NCR Legacy System Improvement rate will be applicable to all existing (as of October 11, 2024) NCR Customers receiving service pursuant to a firm or interruptible Negotiated Contract Rate. Any Customers entering into NCR contracts after that date shall not be charged NCR Legacy System Improvement Rate.

Rate:
The NCR Legacy System Improvement rate rider is 3.11%.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE – (DSIC)

Purpose:
The purpose of this rider is to recover the cost of investments that meet the definition of eligible distribution system improvements.

Applicability:
The DSIC will be applicable to all Delivery Service customers including NCR customers.

Operation of Rider:
The Company will file with the Commission an application and supporting schedules semi-annually to initiate or adjust the DSIC rate to be effective January 1 or July 1 of each year without proration. The DSIC rate shall be adjusted semi-annually for eligible Distribution System Improvements placed in service during the six-month period ending two months prior to the effective date. For a January 1 effective date, the applicable recovery period is May 1 through October 31; for a July 1 effective date, the applicable recovery period is November 1 through April 30.

DSIC rates shall be subject to an annual reconciliation based on a period consisting of the twelve months ending December 31 of each year.

Rate:
The DSIC rate rider effective July 1, 2026 is 0.38%.

COMMUNITY GAS SYSTEM CHARGE – (CGS)

Purpose:
The purpose of this rider is to recover the cost of investments to convert a Community Gas System (CGS) from propane to natural gas.

Applicability:
The CGS will be applicable to all Delivery Service customers served in each specific CGS. After the expiration of a 5-year period, surcharge will be removed during Chesapeake's annual rate class review period.

Operation of the Rider:
Utilizing the Company's IRRM, a surcharge will be established that is applicable to all premises served by Chesapeake in each specific CGS community during a 5-year period. After the expiration of the 5-year period, the surcharge will be removed during Chesapeake's annual rate class review period.

Chesapeake will include the costs for approach main, distribution main, and service installation into its IRRM and the estimated customer counts and customer volumes. These inputs will provide the Company's anticipated Margin Revenue (prior to surcharge) and the necessary Ratemaking Revenue Requirement by year. The Company's Margin Revenue will be netted against the Ratemaking Revenue Requirement by year to calculate the Revenue Excess/ (Deficiency) annually which will then be divided by the annual Therm to show the Annual Calculated Surcharge. The Annual Calculated Surcharge will then be multiplied by a present value factor to establish the Present Value Surcharge each year. For the first 10 years of the project, the annual Present Value Surcharges will be summed and a total Accumulated Present Value Surcharge established. Finally, the Accumulated Present Value Surcharge will be evenly spread over 5 years.

CGS rates shall be adjusted one year after all conversions are completed in a CGS community.

Rate:

Effective Date	Community	Rate per Therm
April 1, 2025	Peninsula	$0.33379
July 1, 2025	Bear Trap Dunes	$0.31911
April 1, 2025	Plantations East	$0.25818
November 5, 2025	Estuary	$0.27143
November 1, 2026	Bishops Landing	$0.28295

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TAXES AND OTHER ADJUSTMENTS

There will be added to all bills rendered, all applicable local, state and federal fees and taxes, including but not limited to, Delaware Public Utilities Tax, franchise fees, state gross receipts tax, and state sales taxes presently assessed by governmental authorities, as well as any future changes or new fees, taxes or assessments by any governmental authorities subsequent to the effective date of this Tariff. All such fees, taxes and assessments as described above shall be shown on Customer or Pool Manager bills.

Specific franchise fees listed below are applicable to all firm and interruptible Delivery Service customers within the limits of the applicable towns or cities, excluding those Customers from whom the Company is prohibited by law from collecting said surcharge.

Notwithstanding other terms of this Rider, the Franchise Fee Rider for the Town of Bridgeville, Town of Frankford and Town of Blades will be applicable to all Delivery Service Customers within the limits of the respective towns, excluding: (1) customers taking high load factor service (i.e., Rate Schedules "GS-HLFS" and "GS-HLFTS") or are on a negotiated contract rate ("NCR") but would otherwise qualify for interruptible or high load factor service.

City or Town	Applicable Rate	Effective Until
Town of Smyrna	$0.01748 per Therm	December 31, 2029
City of Milford	$0.00966 per Therm	June 23, 2039
Town of Georgetown	$0.00966 per Therm	June 27, 2036
Town of Millsboro	$0.01748 per Therm	September 2, 2046
Town of Milton	$0.01748 per Therm	January 7, 2032
City of Seaford	$0.01748 per Therm	June 23, 2033
Town of Dagsboro	$0.01748 per Therm	December 20, 2027
City of Lewes	$0.01748 per Therm	September 11, 2031
Town of Selbyville	$0.01748 per Therm	June 11, 2027
Town of Frederica	$0.00966 per Therm	No End date
Town of Laurel	$0.01748 per Therm	January 6, 2031
City of Harrington	$0.01748 per Therm	May 12, 2031
Town of Millville	$0.00966 per Therm	September 10, 2039
Town of Blades	$0.00966 per Therm	September 10, 2039
Town of Frankford	$0.00966 per Therm	December 31, 2044
Town of Bridgeville	$0.00966 per Therm	July 1, 2035
Town of Ellendale	$0.00966 per Therm	December 9, 2045

ENERGY EFFICIENCY RIDER

Purpose:
The purpose of this rider is to recover costs associated with implementation and administration of cost effective energy efficiency programs. Costs being recovered include program design costs; implementation and administration expenses; education costs; marketing costs; rebate and other utility incentive costs; capital costs; and evaluation, measurement and verification (EM&V) costs associated with the programs.

Applicability:
The energy efficiency rider will be applicable to all firm residential Delivery Service customers.

Operation of the Rider:
The Company will file with the Commission a copy of the energy efficiency rider computation at least 30 days prior to the proposed effective date, which will be each May 1.

The program expenses are based on the calendar year budgeted expenses for each project year (January through December), known as the project cost year ("PCY"). These expenses are straight-line amortized over three years, with a 12-month recovery period of May through April. The amortization amount per year is then netted of the deferred tax benefit resulting in a total recovery amount. After year 1 of the program, an (over)/under collection balance will be calculated, based on the actual dollars recovered versus the actual costs spent. The (over)/under collection balance will be added to the total recovery with the PSC Assessment applied to arrive at the total net recovery per recovery period. The total net recovery is then divided by the total forecasted firm sales volumes for the recovery period (May through April) to produce the EE Rider rate.

Through this mechanism, the second and third year of amortization related to a given PCY will reflect a true-up of any variance between actual and originally projected costs or sales in that year.

Rate:
The rate for the rider effective May 1, 2025 is $0.01052 per Therm.

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