

Nancy J.D. Krajovic
Director
Rates & Regulatory Affairs

March 20, 2013

VIA E-FILE

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120-3265

**Re: Supplement No. 195 to Columbia Gas of Pennsylvania, Inc.
Tariff Gas - Pa. P.U.C. No. 9
Docket No. P-2012-2338282**

Secretary Chiavetta:

Enclosed for filing on behalf of Columbia Gas of Pennsylvania, Inc. ("Columbia") please find Supplement No. 195 to Tariff Gas Pa. P.U.C. No. 9 ("Supplement No. 195"). Supplement No. 195, issued March 20, 2013 to be effective April 1, 2013, is being filed in compliance with the Order of the Pennsylvania Public Utility Commission entered March 14, 2013 at Docket No. P-2012-2338285. Supplement No. 195 establishes Columbia's initial Distribution System Improvement Charge (DSIC) at 1.5% of distribution revenues applicable to bills rendered on and after April 1, 2013. Also included with the tariff supplement is the supporting calculation of the DSIC.

Copies of the enclosed filing have been served on the parties designated on this letter.

Please direct any inquiry with regard to this filing to me at (714.416.6370) or to Columbia's counsel Theodore J. Gallagher (724.416.6355) at 121 Champion Way, Suite 100, Canonsburg, PA 15317 or to our outside counsel, Michael W. Hassell, Post & Schell P.C., 17 North Second Street, 12th Floor, Harrisburg, Pennsylvania 17101, (717.612.6029).

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy J. D. Krajovic". The signature is fluid and cursive, with a long horizontal stroke at the end.

Nancy J. D. Krajovic
Director, Rates and Regulatory Affairs

Enclosure

cc: Theodore J. Gallagher, Esquire
Michael W. Hassell, Esquire
Bureau of Investigation and Enforcement
Office of Consumer Advocate
Office of Small Business Advocate

COLUMBIA GAS OF PENNSYLVANIA, INC.

121 Champion Way, Suite 100

Canonsburg, Pennsylvania

RATES AND RULES

FOR

FURNISHING GAS SERVICE

IN

THE TERRITORY AS DESCRIBED HEREIN

ISSUED: March 20, 2013

EFFECTIVE: April 1, 2013

ISSUED BY: M. R. KEMPIC, PRESIDENT
121 CHAMPION WAY, SUITE 100
CANONSBURG, PENNSYLVANIA 15317

NOTICE

This Tariff Supplement Makes Changes and an Increase to the Existing Tariff —See Page No. 2

LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT

Page	Page Description	Revision Description
Cover	Tariff Cover Page	Supplement #, Effective & Issue Date.
2	List of Changes	List of Changes.
4	Table of Contents	Added Rider DSIC – Distribution System Improvement Charge.
16	Rate Summary Pages	Added a footnote to include Rider DSIC where applicable.
17	Rate Summary Pages	Added a footnote to include Rider DSIC where applicable.
18	Rate Summary Pages	Added a footnote to include Rider DSIC where applicable.
19	Rate Summary Pages	Added a footnote to include Rider DSIC where applicable.
20	Rate Summary Pages	Added a footnote to include Rider DSIC where applicable.
21	Rider Summary Page	Added Rider DSIC.
68	Flexible Rate Provisions	Added Rider DSIC.
76	Rate RSS	Added Distribution System Improvement Charge.
78	Rate RDS	Added Distribution System Improvement Charge.
82	Rate RDGSS	Added Distribution System Improvement Charge.
85	Rate RDGDS	Added Distribution System Improvement Charge.
87	Rate SGSS	Added Distribution System Improvement Charge.
90	Rate SGDS	Added Distribution System Improvement Charge.
94	Rate SCD	Added Distribution System Improvement Charge.
97	Rate SDS	Added Distribution System Improvement Charge.
101	Rate LGSS	Added Distribution System Improvement Charge.
105	Rate LDS	Added Distribution System Improvement Charge.
108	Rate MLSS	Added Distribution System Improvement Charge.
112	Rate MLDS	Added Distribution System Improvement Charge.
177-180	Rider DSIC-Distribution System Improvement Charge	Added entire text.

Table of Contents (cont'd)

<u>Rate Schedules (cont'd):</u>	<u>Sheet No.</u>
SGDS – Small General Distribution Service	89
SCD – Small Commercial Distribution	93
SDS – Small Distribution Service	96
LGSS – Large General Sales Service	100
LDS – Large Distribution Service	103
MLSS – Main Line Sales Service	107
MLDS – Main Line Distribution Service	111
NCS – Negotiated Contract Service	115
NSS – Negotiated Sales Service	117
SDSS – Supplier Default Sales Service	122
Held for Future Use	124
CDS – Cogeneration Distribution Service	125
GDS – Generation Distribution Service	127
NGV – Natural Gas Vehicle Service	129
PS – Propane Service	132
SS – Standby Service	134
Held for Future Use	136
DGDS –Distributed Generation Distribution Service	137
CAP - Customer Assistance Plan	139
Held for Future Use	144 - 145
Rider USP – Universal Service Plan	146
Rider CC – Customer Choice	148
Rider EDS – Economic Development Service Rider	149
Purchased Gas Cost Rider	151
Held for Future Use	160
Held for Future Use	161 - 164
State Tax Adjustment Surcharge – STAS	165
Rider EBS – Elective Balancing Service	166
Held for Future Use	174 - 176
Rider DSIC – Distribution System Improvement Charge	177 - 180
<u>Rules Applicable to Distribution Service – RADS:</u>	
1. Definitions	181
2. Rules Applicable to All Distribution Service	186
2.2. Electronic Communications	186
2.3. Initial Gas Application	186
2.4. NGS Creditworthiness	187
2.5. Character of Distribution Service	188b

(C)
(C)

(C) Indicates Change

Columbia Gas of Pennsylvania, Inc.

Canceling Sixty-Eighth and Sixty-Ninth Revised Page No. 16

Rates per thm					
Retail Service Rate Schedules	Distribution Charge 1/	Gas Supply Charge	Gas Cost Adjustment	Total Effective Rate 3/4/	
<u>Rate RSS - Residential Sales Service</u>					
Monthly Customer Charge	\$ 18.73	-	-	18.73	
Commodity Charge:					
First 21 thms per month	\$ 0.16210	0.42150	2/	0.00177	0.58537
Over 21 thms per month	\$ 0.42918	0.42150	2/	0.00177	0.85245
Customer Transferring from Rate Schedule RDS					
First 21 thms per month	\$ 0.16210	0.42150	2/	-	0.58360
Over 21 thms per month	\$ 0.42918	0.42150	2/	-	0.85068
<u>Rate SGSS - Small General Sales Service</u>					
Monthly Customer Charge:					
Annual Throughput < 6,438 thms	\$ 20.18	-	-	20.18	
Annual Throughput >= 6,438 thms and <= 64,380 thms	\$ 32.09	-	-	32.09	
Commodity Charge	\$ 0.32197	0.42150	2/	0.00177	0.74524
Customers Transferring from Rate Schedule SCD	\$ 0.32197	0.42150	2/	-	0.74347
1/ Includes applicable charges for Riders CC, PGC, and USP.					
2/ Does not reflect the unbundling of uncollectibles related to gas costs. See applicable rate schedule for details.					
3/ Excludes State Tax Adjustment Surcharge. See Page 165 herein for detail.					
4/ Does not include the Rider DSIC. See Page 21 and Pages 177-180 herein for details.					

Issued: March 20, 2013

M. R. Kempic - President

Effective: April 1, 2013

Columbia Gas of Pennsylvania, Inc.

Canceling Thirty-Eighth and Thirty-Ninth Revised Page No. 17

Rates per thm				
Retail Service Rate Schedules	Distribution Charge	Gas Supply Charge	Gas Cost Adjustment	Total Effective Rate
				1/2/
<u>Rate LGSS - Large General Sales Service</u>				
Monthly Customer Charge:				
Annual Throughput < 107,300 thms	\$ 125.12	-	-	125.12
Annual Throughput >= 107,300 thms but < 536,489 thms	\$ 469.34	-	-	469.34
Annual Throughput >= 536,489 thms but < 1,072,989 thms	\$ 1,149.00	-	-	1,149.00
Annual Throughput >= 1,072,989 thms but < 3,219,000 thms	\$ 2,050.00	-	-	2,050.00
Annual Throughput >= 3,219,000 thms but < 7,510,990 thms	\$ 4,096.00	-	-	4,096.00
Annual Throughput > 7,510,989 thms	\$ 7,322.00	-	-	7,322.00
Commodity Charge:				
First 10,730 thms per Month	\$ 0.28628	0.39302	0.00177	0.68107
Next 42,920 thms per Month	\$ 0.28094	0.39302	0.00177	0.67573
Next 53,650 thms per Month	\$ 0.27777	0.39302	0.00177	0.67256
All thm per Month Over 107,300	\$ 0.25803	0.39302	0.00177	0.65282
<u>Rate MLSS - Main Line Sales Service</u>				
Monthly Customer Charge:				
Annual Throughput >= 268,250 thms but < 536,500 thms	\$ 469.34	-	-	469.34
Annual Throughput >= 536,500 thms but < 1,073,000 thms	\$ 1,149.00	-	-	1,149.00
Annual Throughput >= 1,073,000 thms but < 3,219,000 thms	\$ 2,050.00	-	-	2,050.00
Annual Throughput >= 3,219,000 thms but < 7,511,000 thms	\$ 4,096.00	-	-	4,096.00
Annual Throughput >= 7,511,000 thms	\$ 7,322.00	-	-	7,322.00
Commodity Charge:				
MLS-I	\$ 0.15322	0.39302	0.00177	0.54801
MLS-II				
Annual Throughput < 1,073,000 thms	\$ 0.19651	0.39302	0.00177	0.59130
Annual Throughput >= 1,073,000 thms but < 3,219,000 thms	0.18858	0.39302	0.00177	0.58337
Annual Throughput >= 3,219,000 thms but < 7,511,000 thms	\$ 0.18253	0.39302	0.00177	0.57732
Annual Throughput >= 7,511,000 thms	\$ 0.17736	0.39302	0.00177	0.57215
<u>Rate SS - Standby Service</u>				
	\$0.77306 per thm based on a customer's Maximum Daily Firm Requirement. See Pages 134-136 herein for detail.			
1/ Excludes State Tax Adjustment Surcharge. See Page 165 herein for detail.				
2/ Does not include the Rider DSIC. See Page 21 and Pages 177-180 herein for details.				

Issued: March 20, 2013

Effective: April 1, 2013

M. R. Kempic - President

Columbia Gas of Pennsylvania, Inc.

Rates per thm				
Distribution Service Rate Schedules	Distribution Charge 1/	Gas Supply Charge	Gas Cost Adjustment	Total Effective Rate 3/4/
<u>Rate RDS - Residential Distribution Service</u>				
Monthly Customer Charge	\$ 18.73	-	-	18.73
Distribution Charge:				
Customers Electing CHOICE - 1st Year				
First 21 thms per month	\$ 0.16210	-	0.00177	0.16387
Over 21 thms per month	\$ 0.42918	-	0.00177	0.43095
Customers Electing CHOICE - 2nd Year				
First 21 thms per month	\$ 0.16210	-	-	0.16210
Over 21 thms per month	\$ 0.42918	-	-	0.42918
<u>Rate SCD - Small Commercial Distribution</u>				
Monthly Customer Charge:				
Annual Throughput < 6,438 thms	\$ 20.18	-	-	20.18
Annual Throughput >= 6,438 and <= 64,380 thms	\$ 32.09	-	-	32.09
Distribution Charge:				
Customers Electing CHOICE - 1st Year	\$ 0.32197	-	0.00177	0.32374
Customers Electing CHOICE - 2nd Year	\$ 0.32197	-	-	0.32197
<u>Rate SGDS - Small General Distribution Service</u>				
Monthly Customer Charge:				
Annual Throughput < 6,438 thms	\$ 20.18	-	-	20.18
Annual Throughput >= 6,438 and < 64,380 thms	\$ 32.09	-	-	32.09
Distribution Charge:				
Priority One DS	\$ 0.35045	-	-	0.35045
Non-Priority One DS	\$ 0.20658	2/	-	0.20658
Monthly Customer Charge:				
Annual Throughput >= 64,380 thms and < 107,300 thms	\$ 125.12	-	-	125.12
Annual Throughput >= 107,300 thms and < 536,490 thms	\$ 469.34	-	-	469.34
Distribution Charge	\$ 0.11416	2/	-	0.11416

1/ Includes applicable charges for Riders CC, PGC, and USP.
 2/ Subject to the terms and provisions of Rider EBS.
 3/ Excludes State Tax Adjustment Surcharge. See Page 165 herein for detail.
 4/ Does not include the Rider DSIC. See Page 21 and Pages 177-180 herein for details.

Columbia Gas of Pennsylvania, Inc.

Canceling Ninth and Eleventh Revised Page No. 19

Rates per thm				
Distribution Service Rate Schedules	Distribution Charge	Gas Supply Charge	Gas Cost Adjustment	Total Effective Rate
				2/3/
<u>Rate LDS - Large Distribution Service</u>				
Monthly Customer Charge:				
Annual Throughput => 536,500 thms but < 1,073,000 thms	\$ 1,227.00	-	-	1,227.00
Annual Throughput >= 1,073,000 thms but < 3,219,000 thms	\$ 2,190.00	-	-	2,190.00
Annual Throughput >= 3,219,000 thms but < 7,511,000 thms	\$ 4,526.00	-	-	4,526.00
Annual Throughput >= 7,511,000 thms	\$ 7,322.00	-	-	7,322.00
Distribution Charge:				
Annual Throughput => 536,500 thms and < 1,073,000 thms	\$ 0.09270	1/	-	0.09270
Annual Throughput >= 1,073,000 thms but < 3,219,000 thms	\$ 0.08114	1/	-	0.08114
Annual Throughput >= 3,219,000 thms	\$ 0.06716	1/	-	0.06716
<u>Rate MLDS - Main Line Distribution Service</u>				
Monthly Customer Charge:				
Annual Throughput >= 268,250 thms and < 536,500 thms	\$ 469.34	-	-	469.34
Annual Throughput >= 536,500 thms but < 1,073,000 thms	\$ 1,149.00	-	-	1,149.00
Annual Throughput >= 1,073,000 thms but < 3,219,000 thms	\$ 2,050.00	-	-	2,050.00
Annual Throughput >= 3,219,000 thms but < 7,511,000 thms	\$ 4,096.00	-	-	4,096.00
Annual Throughput >= 7,511,000 thms	\$ 7,322.00	-	-	7,322.00
Distribution Charge:				
MLS-I	\$ 0.00935	1/	-	0.00935
MLS-II				
Annual Throughput < 1,073, 000 thms	\$ 0.05264	1/	-	0.05264
Annual Throughput >= 1,073,000 thms but < 3,219,000 thms	\$ 0.04471	1/	-	0.04471
Annual Throughput >= 3,219,000 thms but < 7,511,000 thms	\$ 0.03866	1/	-	0.03866
Annual Throughput >= 7,511,000 thms	\$ 0.03349	1/	-	0.03349

1/ Subject to the terms and provisions of Rider EBS.

2/ Does not reflect the State Tax Adjustment Surcharge. See Page 165 herein for detail.

3/ Does not include the Rider DSIC. See Page 21 and Pages 177-180 herein for details.

Columbia Gas of Pennsylvania, Inc.

Canceling Sixty-Fifth and Sixty-Sixth Revised Page No. 20

Rates per thm				
Retail Service and Distribution Service Rate Schedules	Distribution Charge 1/	Gas Supply Charge 2/	Gas Cost Adjustment	Total Effective Rate 3/4/
<u>Rate RDGSS - Residential Distributed Generation Sales Service</u>				
Monthly Customer Charge	\$ 18.73	-	-	18.73
Commodity Charge:				
First 21 thms per month	\$ 0.16210	0.42150 2/	0.00177	0.58537
Over 21 thms per month	\$ 0.42918	0.42150 2/	0.00177	0.85245
Customers Transferring from RDGDS or RDS				
Commodity Charge:				
First 21 thms per month	\$ 0.16210	0.42150 2/	-	0.58360
Over 21 thms per month	\$ 0.42918	0.42150 2/	-	0.85068
<u>Rate RDGDS - Residential Distributed Generation Distribution Service</u>				
Monthly Customer Charge	\$ 18.73	-	-	18.73
Commodity Charge:				
First 21 thms per month	\$ 0.16210	-	-	0.16210
Over 21 thms per month	\$ 0.42918	-	-	0.42918

1/ Includes applicable charges for Riders CC, PGC, and USP.

2/ Does not reflect the unbundling of uncollectibles related to gas costs. See applicable rate schedule for details.

3/ Excludes State Tax Adjustment Surcharge. See Page 165 herein for detail.

4/ Does not include the Rider DSIC. See Page 21 and Pages 177 - 180 herein for details.

Issued: March 20, 2013

Effective: April 1, 2013

M. R. Kempic - President

Columbia Gas of Pennsylvania, Inc.

Canceling Seventy-Third and Seventy-Fourth Revised Page No. 21

Rates per thm		
Riders	Rate \$/ thm	Applicable Rate Schedules
<u>Customer Choice - Rider CC</u>		
Capacity	-	RSS/RDS
Choice Administration	-	SGS/SGDS/SCD/PS
<u>Columbia Gulf Transmission Refund</u>	(0.00133)	SGSS
<u>Columbia Gulf and Columbia Gas Transmission Cashout/Penalty Credit Proceeds</u>	(0.00053)	SGSS/SGDS/SCD
<u>Universal Service Plan - Rider USP</u>	0.04671	RSS/RDS/RDGSS/RDGDS
<u>Distribution System Improvement Charge - Rider DSIC</u>	1.50%	This percentage is applied to a portion of the Distribution Charge and the Customer Charge. See Pages 177-180 for Rider DSIC details.
<u>Elective Balancing Service - Rider EBS</u>		
Option 1 - Small Customer	0.02103	SGDS/SDS
Option 1 - Large Customer	0.00898	LDS/MLS
Option 2 - Small Customer	0.00697	SGDS/SDS
Option 2 - Large Customer	0.00226	LDS/MLS
<u>Purchased Gas Cost - Rider PGC</u>		
<u>Demand</u>		
Cost of Gas	0.13097	
E-Factor	0.01290	
Total	0.14387	
<u>Commodity</u>		
Cost of Gas	0.39302	
E-Factor	0.00177	
Total	0.39479	
Total Purchased Gas Cost Rate	0.53866	RSS/RDGSS/SGS/LGSS/MLSS

Issued: March 20, 2013

Effective: April 1, 2013

M. R. Kempic - President

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

20. Flexible Rate Provisions

20.1 Applicability

Customers receiving service under Rate Schedules SDS, LDS, RSS, RDS, RDGSS, RDGDS, DGDS, PS, SGSS, LGSS, SGDS, SCD, SS, NSS, MLSS, and MLDS ("Primary Schedule") may be charged a flexible distribution charge with respect to competition from alternate fuels.. Service under Rate RSS, RDS, RDGSS and RDGDS shall be firm and the Company will maintain firm capacity to serve such customers. Gas Costs to Rate Schedules RSS and RDS will not be flexed.

20.2 Election of Flexible Rate

Components of a customer's rate may be lowered when the customer submits a sworn affidavit that a lower rate is required to meet competition from an alternate fuel. Rate components eligible for a downward adjustment include the distribution charge, the elective balancing service charge for distribution service, the Rider DSIC and the retainage percentage for distribution service. (C)

Prior to flexing distribution charges for distribution service customers, the Company may reduce charges that are for recovery of balancing service charges under Rider EBS and/or the retainage percentage applied to the gas received on behalf of the distribution service customer. However, any discount to the retainage percentage undertaken to compete with another NGDC will not be recoverable by the Company in its annual 1307(f) filing.

The Company reserves the right to verify the accuracy of statements included in this affidavit and the right to make final determination as to the quantities of natural gas used in each billing period in place of alternate fuels. The Company will notify customer of the applicable charge, if lower than the applicable distribution charge in the Primary Rate Schedule, that the Company determines is required to meet the delivered price of the alternate fuel four (4) days prior to the beginning of each billing month unless the rate is the same as charged by the Company in the prior month.

The Company will only lower its distribution charge below the maximum rate under the Primary Rate Schedule as a last resort, and only to the extent it is necessary to meet the demonstrated competitive alternate fuel price. Any lowered distribution charge shall be offered regardless of whether the customer is receiving sales or distribution service. For customers eligible for service under Rate RDS and SCD, the Company will advise NGSs upon request whether a particular customer is receiving or is eligible to receive a lowered distribution charge.

(C) Indicates Change

RATE RSS - RESIDENTIAL SALES SERVICE

APPLICABILITY

Throughout the territory served under this Tariff.

AVAILABILITY

Available, at one location, for the total requirements of any residential customer.

RATE

The customers under this rate schedule shall be subject to a monthly customer charge, a natural gas supply charge and a distribution charge.

The rate information is detailed in the Rate Summary pages of this tariff.

If a customer transfers to this rate from Rate RDS-Residential Distribution Service then for a period of twelve months, the rate shall be adjusted to exclude the amount per thm equal to the "E" Factor for the twelve months ended September 30 included in the then applicable Purchased Gas Commodity Rate.

The above distribution charge may be flexed in accordance with the Flexible Rate Provisions set forth in the Rules and Regulations of this Tariff.

The PGCC and Capacity Assignment Credit (aka the Price-to-Compare) will be increased by 1.52% to reflect the unbundling of uncollectibles related to gas costs.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the customer charge.

STATE TAX ADJUSTMENT SURCHARGE

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in this tariff.

PURCHASED GAS COST RIDER

The distribution and natural gas supply charges include recovery of purchased gas costs pursuant to the Purchased Gas Cost Rider of this tariff.

USP COSTS AND CUSTOMER CHOICE COSTS

The distribution charge is subject to Rider Universal Services Plan and Rider Customer Choice as specified within Rider USP and Rider Customer Choice in this tariff.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

Rate RSS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this tariff.

(C)

(C) Indicates Change

RATE RDS - RESIDENTIAL DISTRIBUTION SERVICE

APPLICABILITY

Throughout the territory served under this Tariff.

AVAILABILITY

Available to any residential customer meeting the following conditions:

1. The customer does not take service under any other rate schedule.
2. The customer or group of customers have an aggregate annual demand of at least 53,650 thms or a minimum of 50 customers and in compliance with the aggregation provisions in the Rules Applicable to Distribution Service elects an NGS to provide natural gas commodity service. The gas supply for each aggregation must enter the Company's system at a city gate(s) used by the Company to serve the customers unless otherwise permitted by Columbia.

CHARACTER OF SERVICE

Service furnished pursuant to this rate schedule shall be considered firm service.

RATE

The customers under this rate schedule shall be subject to a monthly customer charge and a distribution charge.

The rate information is detailed in the Rate Summary pages of this tariff.

The Distribution Charges include the applicable Purchase Gas Demand Cost rate. The distribution charge may be flexed in accordance with the Flexible Rate Provisions set forth in the Rules and Regulations of this Tariff.

In addition, if the customer transfers to this rate from rate RSS-Residential Sales Service, then for a period of twelve months, the rate shall be adjusted to include the amount per thm equal to the "E" Factor for the twelve months ended September 30 included in the then-applicable Purchased Gas Commodity Cost rate.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Customer Charge.

PURCHASED GAS COST RIDER

The above distribution charges include recovery of purchased gas demand costs pursuant to the Purchased Gas Cost Rider as set forth in this Tariff.

STATE TAX ADJUSTMENT SURCHARGE

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in this tariff.

USP COSTS AND CUSTOMER CHOICE COSTS

The distribution charges are subject to Rider Universal Service Plan and Rider Customer Choice as specified within Rider USP and Rider Customer Choice in this tariff.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

Rate RDS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this tariff.

(C) Indicates Change

**RATE RDGSS – RESIDENTIAL DISTRIBUTED
GENERATION SALES SERVICE (Continued)**

MINIMUM MONTHLY CHARGE

Where the Company incurs additional costs to establish service under this rate schedule, a minimum monthly charge may be determined individually for each customer served under this rate schedule and the amount shall be included in the customer's service agreement. The service agreement will be for a term of not less than three (3) years, unless mutually agreed to between the Company and the customer. The minimum charge will be based on the actual additional costs to the Company, if applicable, to serve a generation customer. The payment of such minimum charge does not relieve the customer from any minimum charge obligation applicable to service received by the customer under any of the Company's other rate schedules.

STATE TAX ADJUSTMENT SURCHARGE

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in this tariff.

PURCHASED GAS COST RIDER

The distribution and commodity charges include recovery of purchased gas costs pursuant to the Purchased Gas Cost Rider of this tariff.

UNIVERSAL SERVICE PLAN AND CUSTOMER CHOICE COSTS

The distribution charge is subject to Rider USP costs and Rider CC costs as specified within Rider USP and Rider Customer Choice in this tariff.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

(C)

Rate RDGSS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this tariff.

TERMS OF PAYMENT

Bills for sales service will be rendered monthly and are due and payable upon presentation. All bills shall be paid on or before the final date of payment shown on the bill, which date shall be not less than twenty (20) days after presentation (date of postmark). If the customer fails to pay the full amount of any bill a delayed payment penalty charge of one and one-quarter percent (1 1/4%) per month will accrue on the portion of the bill that is unpaid on the due date.

(C) Indicates Change

**RATE RDGDS – RESIDENTIAL DISTRIBUTEDGENERATION DISTRIBUTION
SERVICE (Continued)**

MINIMUM MONTHLY CHARGE

Where the Company incurs additional costs to establish service under this rate schedule, a minimum monthly charge may be determined individually for each customer served under this rate schedule and the amount shall be included in the customer's service agreement. The service agreement will be for a term of not less than three (3) years, unless mutually agreed to between the Company and the customer. The minimum charge will be based on the actual additional costs to the Company, if applicable, to serve a generation customer. The payment of such minimum charge does not relieve the customer from any minimum charge obligation applicable to service received by the customer under any of the Company's other rate schedules.

TERMS OF PAYMENT

Bills for distribution service will be rendered monthly and are due and payable upon presentation. All bills shall be paid on or before the final date of payment shown on the bill, which date shall not be less than twenty (20) days after presentation (date of postmark). If the customer fails to pay the full amount of any bill a delayed payment penalty charge of one and one-quarter percent (1 1/4%) per month will accrue on the portion of the bill that is unpaid on the due date.

SPECIAL PROVISIONS

1. If service under this rate schedule is discontinued at the request of the Customer, the Company shall be under no obligation to reconnect service to the same Customer on the same premises until the Customer pays the monthly customer charge for each month of the intervening period, but not to exceed twelve (12) months, and any amount due to the Company under a service agreement. Restoration of service will not be denied for the nonpayment of NGS charges.

2. Where a Customer has installed a gas light(s) in lighting devices approved by the Company, and the gas used by such light(s) is unmetered, the gas consumed by such light(s) shall be assumed to be twenty-one (21) thms per month when the Btu/hr input rating for such light(s) is 2,700 or less. For each additional 1,350 Btu/hr or fraction thereof, the assumed consumption shall be increased by eleven (11) thms per month. Such assumed consumption shall be billed under the rates contained herein, or if in combination with metered usage under this rate schedule, shall be added to the Customer's metered usage and the total billed under the rates contained herein.

UNIVERSAL SERVICE PLAN AND CUSTOMER CHOICE COSTS

The distribution charges are subject to Rider USP costs and Rider CC costs as specified within Rider USP and Rider Customer Choice in this tariff.

STATE TAX ADJUSTMENT SURCHARGE

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in this tariff.

APPLICABLE SALES SERVICE RATE

Except as otherwise provided under the Rules Applicable to Distribution Service, a customer or its NGS under this Rate Schedule desiring to purchase gas or to replace under-deliveries of gas or over consumption of gas by the customer, to which the Rules Applicable to Distribution Service would otherwise be applicable, shall be charged the current month's average daily city gate rate, as published in Gas Daily, times 120%, plus applicable taxes and the delivery charge.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

Rate RDGDS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this tariff.

(C) Indicates Change

RATE SGSS - SMALL GENERAL SALES SERVICE (Continued)

STATE TAX ADJUSTMENT SURCHARGE

The State Tax Adjustment Surcharge will be applied to the non-Purchased Gas Cost portion of the charges set forth in this rate schedule.

PURCHASED GAS COST RIDER

The distribution and natural gas supply charges for sales service include recovery of purchased gas costs pursuant to the Purchased Gas Cost Rider as set forth in this tariff.

CUSTOMER CHOICE COSTS

The distribution charge is subject to a Customer Choice charge pursuant to Rider CC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

(C)

Rate SGSS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this tariff.

TERMS OF PAYMENT

Bills for distribution service will be rendered monthly and are due and payable upon presentation. All bills shall be paid on or before the final date of payment shown on the bill, which date shall be not less than fifteen (15) days after presentation (date of postmark).

If the customer fails to pay the full amount of any bill a delayed payment penalty charge of one and one-quarter percent (1 1/4%) per month will accrue on the portion of the bill that is unpaid on the due date.

CUSTOMER DEVELOPMENT/RETENTION PROVISIONS

1. An existing Customer currently receiving service under this rate schedule or a potential Customer eligible to receive service under this rate schedule is eligible to receive special development/retention rates, if the customer meets the following conditions:

- a. The Customer agrees to enter into a three-year contract for service under this rate schedule.

(C) Indicates Change

RATE SGDS - SMALL GENERAL DISTRIBUTION SERVICE (Continued)

DETERMINATION OF MONTHLY CUSTOMER CHARGE

The Customer Charge will be determined based upon the Customer's actual throughput quantities, including sales and distribution, measured in therms (thms), for the most recent twelve-month period ended October 31. If a Customer does not have sufficient consumption history to determine its customer charge based on twelve months, the Customer Charge will be developed by annualizing the consumption history available. In the instance where a customer has no consumption history, the Company will request the Customer to submit estimated annual gas requirements, including sales and distribution, upon which to develop the Customer Charge. The Company in all cases retains the right to review and modify the Customer's estimate where necessary. A customer's Customer Charge will remain constant annually, subject to change January 1 of each year.

In all cases, the Company reserves the right to review the Customer Charge and, upon receipt of satisfactory proof, to adjust the Customer Charge to reflect the installation and use of energy efficient gas burning equipment, or the implementation of energy conservation practices or measures, which results in a measurable permanent change in the customer's requirement or consumption.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the sum of (a) the Customer Charge; plus (b) purchase gas demand charges, if any, under Rate SS. In the event of curtailment in the delivery of gas by the Company below the Maximum Daily Firm Requirement of the Customer, if any, under Rate SS, or complete or partial suspension of operation by the customer due to strikes, fires, floods, explosions or other similar casualties, the Customer Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.

STATE TAX ADJUSTMENT SURCHARGE

The charges are subject to a State Tax Adjustment Surcharge as set forth in this tariff.

PURCHASED GAS COST RIDER

The distribution charges for Priority One Service include recovery of Purchased Gas Demand Costs pursuant to the Purchased Gas Cost Rider as set forth in this tariff.

ELECTIVE BALANCING SERVICE RIDER

Distribution service under this rate schedule shall be subject to the provisions of Rider EBS as set forth in this tariff.

CUSTOMER CHOICE COSTS

The distribution charge is subject to a Customer Choice charge pursuant to Rider CC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

Rate SGDS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this tariff.

APPLICABLE SALES SERVICE RATE

Priority One customers desiring to purchase gas shall be charged an amount for recovery of purchased gas costs as set forth in the Rules Applicable to Distribution Service, plus the Priority One Service rate.

(C) Indicates Change

RATE SCD - SMALL COMMERCIAL DISTRIBUTION (Continued)

CUSTOMER CHOICE COSTS

The distribution charges are subject to a Customer Choice charge pursuant to Rider CC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

(C)

Rate SCD is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this tariff.

PURCHASED GAS COST RIDER

The distribution charges include recovery of purchased gas demand costs pursuant to the Purchased Gas Cost Rider as set forth in this Tariff.

TERMS OF PAYMENT

Bills for distribution service will be rendered monthly and are due and payable upon presentation. All bills shall be paid on or before the final date of payment shown on the bill, which date shall not be less than fifteen (15) days after presentation (date of postmark).

If the customer fails to pay the full amount of any bill a delayed payment penalty charge of one and one-quarter percent (1 1/4%) per month will accrue on the portion of the bill that is unpaid on the due date.

SPECIAL PROVISIONS

1. If service under this rate schedule is discontinued at the request of the customer, the Company shall be under no obligation to reconnect service to the same customer on the same premises until the customer pays the monthly minimum charge for each month of the intervening period, but not to exceed twelve (12) months.
2. Where a customer has installed a gas light(s) in lighting devices approved by the Company, and the gas used by such light(s) is unmetered, the gas consumed by such light(s) shall be assumed to be twenty-one (21) thms per month when the Btu/hr input rating for such light(s) is 2,700 or less. For each additional 1,350 Btu/hr or fraction thereof, the assumed consumption shall be increased by eleven (11) thms per month. Such assumed consumption shall be billed under the rates contained herein, or if in combination with metered usage under this rate schedule, shall be added to the customer's metered usage and the total billed under the rates contained herein.
3. The customer, at its option, may receive a separate bill from its NGS for services provided by the NGS. Otherwise, all charges for natural gas service to the customer will be billed by the Company. When the Company bills for the NGS, the Company will have the right to terminate service for failure to pay the NGS's Natural Gas Supply Services charges in compliance with all applicable laws and regulations regarding termination of service.
4. Before participating in Choice Service, customers with arrears, who are not already subject to a payment plan, shall be required to enter into a payment plan with the Company.
5. The Company will purchase at a discount the accounts receivable from NGSs who elect to have the Company bill the NGS's Natural Gas Supply Service charges.
6. Effective eighteen (18) months after the Public Utility Commission issues a final order in Docket No. P-2009-2099333, an NGS may choose the Company's consolidated billing option or issue its own bills for Gas Supply Service charges (Billing Option 1 or Billing Option 2 as described in the Rules Applicable Only to Choice Service) for all or a portion of its customers eligible for Rate SCD.

(C) Indicates Change

RATE SDS - SMALL DISTRIBUTION SERVICE (Continued)

RATE

The customers under this rate schedule shall be subject to a monthly customer charge and a distribution charge.

The rate information is detailed in the Rate Summary pages of this tariff.

The customer charge will be determined based upon the customer's actual throughput quantities, including sales and distribution, measured in therms (thms), for the most recent twelve-month period ended October 31. If a customer does not have sufficient consumption history to determine its customer charge based on twelve months, the customer charge will be developed by annualizing the consumption history available. In the instance where a customer has no consumption history, the Company will request the customer to submit estimated annual gas requirements, including sales and distribution, upon which to develop the customer charge. The Company in all cases retains the right to review and modify the customer's estimate where necessary. A customer's customer charge will remain constant annually, subject to change January 1 of each year.

In all cases, the Company reserves the right to review the customer charge and, upon receipt of satisfactory proof, to adjust the customer charge to reflect the installation and use of energy efficient gas burning equipment, or the implementation of energy conservation practices or measures, which results in a measurable permanent change in the customer's requirement or consumption.

The above distribution rates may be flexed in accordance with the Flexible Rate Provisions set forth in the Rules and Regulations of this Tariff.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the sum of (a) the customer charge; plus (b) purchased gas demand charges, if any, under Rate SS. In the event of curtailment in the delivery of gas by the Company below the Maximum Daily Firm Requirement of the customer, if any, under Rate SS, or complete or partial suspension of operation by the customer due to strikes, fires, floods, explosions or other similar casualties, the customer charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.

STATE TAX ADJUSTMENT SURCHARGE

The above charges are subject to a State Tax Adjustment Surcharge as set forth in the tariff.

ELECTIVE BALANCING SERVICES RIDER

Distribution service under this rate schedule shall be subject to the provisions of Rider EBS as set forth within this tariff.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

(C)

Rate SDS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this tariff.

(C) Indicates Change

RATE LGSS - LARGE GENERAL SALES SERVICE (Continued)

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the customer charge, except that in the event of curtailment in the delivery of gas by the Company or complete or partial suspension of operation by the customer due to strikes, fires, floods, explosions or other similar casualties, the Customer Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.

STATE TAX ADJUSTMENT SURCHARGE

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in this tariff.

PURCHASED GAS COST RIDER

The distribution and commodity charges include recovery of purchased gas costs pursuant to the Purchased Gas Cost Rider as set forth in this tariff.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

(C)

Rate LGSS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this tariff.

TERMS OF PAYMENT

Bills for sales service will be rendered monthly and are due and payable upon presentation. All bills shall be paid on or before the final date of payment shown on the bill, which date shall be not less than fifteen (15) days after presentation (date of postmark).

If the customer fails to pay the full amount of any bill, a delayed payment penalty charge of one and one-quarter percent (1 1/4%) per month will accrue on the portion of the bill that is unpaid on the due date.

(C) Indicates Change

RATE LDS - LARGE DISTRIBUTION SERVICE (Continued)

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the sum of (a) the Customer Charge; plus (b) purchased gas demand charges, if any, under Rate SS. In the event of curtailment in the delivery of gas by the Company below the Maximum Daily Firm Requirement of the Customer, if any, under Rate SS, or complete or partial suspension of operation by the customer due to strikes, fires, floods, explosions or other similar casualties, the Customer Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.

STATE TAX ADJUSTMENT SURCHARGE

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in the tariff.

ELECTIVE BALANCING SERVICES RIDER

Distribution service under this rate schedule shall be subject to the provisions of Rider EBS as set forth in this tariff.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

(C)

Rate LDS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this tariff.

APPLICABLE SALES SERVICE RATE

Customers under this Rate Schedule desiring to purchase gas shall be charged an amount for recovery of purchased gas costs as set forth in the Rules Applicable to Distribution Service plus the non-gas portion of distribution rates contained in the first block of Rate SGS - Small General Service.

Provided, however, that sales service hereunder shall be considered imbalance gas as defined in the Consumption in Excess of Deliveries section in Paragraph 3 of the Rules Applicable to Distribution Service of this tariff. The Company undertakes no responsibility to obtain sufficient gas supplies to avoid interruption of sales service on a daily basis, and sales service is totally interruptible on any day when the Company gives notice to the customer that gas supply is inadequate to supply the customer's requirements, except to the extent the customer nominates Maximum Daily Firm Requirement under Rate SS.

The Company shall give the customer 2 hours advance notice of interruption. Customer agrees that Company shall not be liable for any loss or damage that may be sustained by the customer by reason of any interruption of service.

On any day when the Customer has been given notice by the Company to interrupt, any quantity of gas taken in excess of the quantity specified to be made available that day shall constitute unauthorized takes and shall be subject to the charges set forth in the Rules Applicable to Distribution Service. Payment of such penalty charge shall be in addition to the charges specified herein.

(C) Indicates Change

RATE MLSS – MAIN LINE SALES SERVICE (Continued)

DETERMINATION OF MONTHLY CUSTOMER CHARGE

The customer charge will be determined based upon the customer's actual throughput quantities, including sales and distribution if the customer previously contracted for distribution service, measured in therms (thms), for the most recent twelve-month period ended October 31. If a customer does not have sufficient consumption history to determine its customer charge based on twelve months, the Customer Charge will be developed by annualizing the consumption history available. In the instance where a customer has no consumption history, the Company will request the customer to submit estimated annual gas requirements, upon which to develop the Customer Charge. The Company in all cases retains the right to review and modify the customer's estimate where necessary. A customer's customer charge will remain constant annually, subject to change January 1 of each year.

In all cases, the Company reserves the right to review the customer charge and, upon receipt of satisfactory proof, to adjust the customer charge to reflect the installation and use of energy efficient gas burning equipment, or the implementation of energy conservation practices or measures, which results in a measurable permanent change in the customer's requirement or consumption.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Customer Charge. In the event of curtailment in the delivery of gas by the Company or complete or partial suspension of operation by the customer due to strikes, fires, floods, explosions or other similar casualties, the Customer Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.

STATE TAX ADJUSTMENT SURCHARGE

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in the tariff.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

(C)

Rate MLSS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this tariff.

(C) Indicates Change

RATE MLDS – MAIN LINE DISTRIBUTION SERVICE (Continued)

RATE

The customers under this rate schedule shall be subject to a monthly customer charge, and a distribution charge.

The rate information is detailed in the Rate Summary pages of this tariff.

The applicable distribution charge for all distribution quantities for MLDS Class II customers shall be determined based upon the Customer Charge group in which the Customer is placed, as established annually.

The distribution rates may be flexed in accordance with the Flexible Rate Provisions set forth in the Rules and Regulations of this Tariff.

STATE TAX ADJUSTMENT SURCHARGE

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in the tariff.

ELECTIVE BALANCING SERVICES RIDER

Distribution service under this rate schedule shall be subject to the provisions of Rider EBS as set forth in this tariff.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

(C)

Rate MLDS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this tariff.

DETERMINATION OF MONTHLY CUSTOMER CHARGE

The customer charge will be determined based upon the customer's actual throughput quantities, including sales and distribution, measured in therms (thms), for the most recent twelve-month period ended October 31. If a customer does not have sufficient consumption history to determine its customer charge based on twelve months, the customer charge will be developed by annualizing the consumption history available. In the instance where a customer has no consumption history, the Company will request the customer to submit estimated annual gas requirements, including sales and distribution, upon which to develop the customer charge. The Company in all cases retains the right to review and modify the customer's estimate where necessary. A customer's customer charge will remain constant annually, subject to change January 1 of each year.

In all cases, the Company reserves the right to review the customer charge and, upon receipt of satisfactory proof, to adjust the customer charge to reflect the installation and use of energy efficient gas burning equipment, or the implementation of energy conservation practices or measures, which results in a measurable permanent change in the customer's requirement or consumption.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the sum of (a) the Customer Charge; plus (b) purchased gas demand charges, if any, under Rate SS. In the event of curtailment in the delivery of gas by the Company below the Maximum Daily Firm Requirement of the Customer, if any, under Rate SS, or complete or partial suspension of operation by the customer due to strikes, fires, floods, explosions or other similar casualties, the Customer Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.

(C) Indicates Change

RIDER DSIC - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

(C)

In addition to the net charges provided for in this Tariff, a charge of 1.5% will apply consistent with the Commission Order dated March 14, 2013 at Docket No. P-2012-2338282, approving the DSIC.

GENERAL DESCRIPTION

Purpose

To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Utility with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

Eligible Property

The DSIC-eligible property will consist of the following:

- Piping (account 376);
- Couplings (account 376);
- Gas services lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (account 381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs.

Effective Date

The DSIC will become effective for bills rendered on and after April 1, 2013.

(C) Indicates Change

RIDER DSIC - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (Continued)

COMPUTATION OF THE DSIC

Calculation

The initial DSIC, effective April 1, 2013, shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the rates or rate base and will have been placed in service between December 1, 2012 and February 28, 2013. Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month periods ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

Effective Date of Change	Date to which DSIC-Eligible Plant Additions Reflected
April 1	December 1 through February 28*
July 1	March 1 through May 31
October 1	June 1 through August 31
January 1	September 1 through November 30

*or February 29 in years when there are 29 days in February.

Determination of Fixed Costs

The fixed costs of eligible distribution system improvements projects will consist of depreciation and pre-tax return, calculated as follows:

1. Depreciation: The depreciation expense shall be calculated by applying the annual accrual rates employed in the Utility's most recent base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded to the original cost of DSIC-eligible property.
2. Pre-tax return: The pre-tax return shall be calculated using the statutory state and federal income tax rates, the Utility's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission in the most recent Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

(C) Indicates Change

RIDER DSIC - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (Continued)

(C)

COMPUTATION OF THE DSIC - continued

Application of DSIC

The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service under the otherwise applicable rates and charges, excluding amounts billed for the State Tax Adjustment Surcharge (STAS). To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the projected revenue for distribution service (including all applicable clauses and riders) for the quarterly period during which the charge will be collected, exclusive of the STAS.

Formula:

The formula for calculation of the DSIC is as follows:

$$\text{DSIC} = \frac{(\text{DSI} * \text{PTRR}) + \text{Dep} + e}{\text{PQR}}$$

Where:

- DSI = Original cost of eligible distribution system improvement projects net of accrued depreciation.
- PTRR = Pre-tax return rate applicable to DSIC-eligible property.
- Dep = Depreciation expense related to DSIC-eligible property.
- e = Amount calculated under the annual reconciliation feature or Commission audit, as described below.
- PQR = Projected quarterly revenues for distribution service (including all applicable clauses and riders) from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period.

Revenues will be determined as one-fourth (1/4) of projected annual revenues.

QUARTERLY UPDATES

Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Audits, Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the update.

(C) Indicates Change

RIDER DSIC - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (Continued)

(C)

CUSTOMER SAFEGUARDS

1. Cap: The DSIC is capped at 5.0% of the amount billed to customers for distribution service (including all applicable clauses and riders) as determined on an annualized basis.

2. Audit/Reconciliation: The DSIC is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, *et seq.*, shall be credited to customer accounts. The DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year. If DSIC revenues exceed DSIC-eligible costs, such over-collections will be refunded with interest. Interest on over-collections and credits will be calculated at the residential mortgage lending specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, *et seq.*) and will be refunded in the same manner as an over-collection.

3. New Base Rates: The DSIC will be reset at zero upon application of new base rates to customer billings that provide for prospective recovery of the annual costs that had previously been recovered under the DSIC. Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in the Utility's rates or rate base will be reflected in the quarterly updates of the DSIC.

4. Customer Notice: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.

5. All customer classes: The DSIC shall be applied equally to all customer classes, except that the Company may reduce or eliminate the Rider DSIC to any customer with competitive alternatives or potential competitive alternatives and customers having negotiated contracts with the Company, if it is reasonably necessary to do so.

6. Earning Reports: The DSIC will also be reset at zero if, in any quarter, data filed with the Commission in the Utility's then most recent Annual or Quarterly Earnings reports show that the Utility would earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC as described in the pre-tax return section.

(C) Indicates Change

Columbia Gas of Pennsylvania
Distribution Service Improvement Charge (DSIC)
Surcharge Effective April 1, 2013

Surcharge Calculation

	Description	Surcharge Effective April 1, 2013
1	Applicable Additions	\$ 23,188,660
2	Less: Accumulated Depreciation	<u>102,299</u>
3	Net Rate Base Included in DSIC (Ln 1 - Ln 2)	DSI 23,086,361
4	Annual Revenue Requirement Rate	11.58%
5	Quarterly Revenue Requirement Rate (Ln 4 / 4)	PTRR <u>2.90%</u>
6	Quarterly Capital Cost Recovery (Ln 5 * Ln 3)	DSI X PTRR 668,536
7	Quarterly Depreciation Expense	<u>120,882</u>
8	Quarterly DSIC Costs to be Recovered (Ln 6 + Ln 7)	789,418
9	Quarterly Base Distribution Revenues	PQR 52,736,890
10	Distribution System Improvement Charge ((Ln 8) /Ln 9)	DSIC 1.50%

Capital Structure as of January 31, 2013

Type	Amount	Capitla Structure	Cost Rate	Weighted Average Cost Rate	Revenue Requirement
Debt - Long term *	378,390	46.34%	5.80%	2.69%	2.69%
Debt - Short term	0	0.00%	1.19%	0.00%	0.00%
Equity	438,089	53.66%	9.70%	5.20%	8.90%
Total Capital	816,479	100%		7.89%	11.58%

* - Equity cost rate of 9.7% is utilized in conjunction with 3/14/13 Commission Order at P-2012-2338285.

Anticipated Base Revenues

Annual Revenues	210,947,561
Quarterly Revenue	52,736,890

**Columbia Gas of Pennsylvania
Distribution Service Improvement Charge (DSIC)
Surcharge Effective April 1, 2013**

Additions

Description	Plant Account	December-12	January-13	January-13	Total
Mains	37600	13,443,924	2,402,771	2,424,376	18,271,071
Mains CSL Replacements	37608	-	77	-	77
Services	38000	1,854,247	1,120,225	1,173,214	4,147,686
Auto Meter Reading Devices	38110	637,910	466	-	638,377
Meter Installations	38200	43,818	42,375	33,723	119,916
House Regulators	38300	5,805	3,243	2,485	11,533
	Total Additions	15,985,705	3,569,158	3,633,797	\$ 23,188,660

Quarterly Depreciation Expense

Description	Plant Account	Depr. Rate	Cumulative Additions	Annual Depreciation Expense	Quarterly Depreciation Expense
Mains	37600	1.77%	18,271,071	323,398	80,849
Mains CSL Replacements	37608	1.77%	77	1	0
Services	38000	2.66%	4,147,686	110,328	27,582
Auto Meter Reading Devices	38110	7.38%	638,377	47,112	11,778
Meter Installations	38200	1.96%	119,916	2,350	588
House Regulators	38300	2.92%	11,533	337	84
	Total Additions		23,188,660	483,527	120,882

Accumulated Depreciation *

December 2012	27,949	-	-	27,949
January 2013	27,949	6,107	-	34,056
February 2013	27,949	6,107	6,238	40,294
Total Accumulated Depreciation	83,847	12,214	6,238	\$ 102,299

*Accumulated Depreciation reduces the balance of DSIC eligible property to be subject to return in recognition of depreciation expense recorded for these assets following their being placed into service but prior to their being subject to DSIC recovery. It is equal to 3 months of depreciation of property placed into service in November plus 2 months of depreciation of property placed into service in December and 1 month of depreciation of property placed into service in January.

**Columbia Gas of Pennsylvania
Distribution Service Improvement Charge (DSIC)
Surcharge Effective April 1, 2013**

**Embedded Cost of Long Term Debt
February 28, 2013**

<u>Amount of Note</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Debt Service Requirement</u>	<u>Rate</u>
\$47,350,000	November 28, 2005	November 28, 2015	5.41%	2,561,635	
\$18,525,000	November 28, 2005	November 28, 2016	5.45%	1,009,613	
\$54,515,000	November 28, 2005	November 28, 2025	5.92%	3,227,288	
\$20,000,000	November 1, 2006	November 1, 2021	6.015%	1,203,000	
\$58,000,000	December 14, 2007	December 14, 2027	6.865%	3,981,700	
\$22,000,000	December 18, 2008	December 18, 2013	5.460%	1,201,200	
\$28,000,000	December 16, 2010	December 16, 2030	6.020%	1,685,600	
\$30,000,000	March 28, 2012	March 26, 2032	5.355%	1,606,500	
\$35,000,000	March 28, 2012	March 26, 2042	5.890%	2,061,500	
\$65,000,000	November 28, 2012	November 28, 2042	5.26%	3,419,000	
<hr/>				<hr/>	
<u>\$378,390,000</u>				<u>21,957,036</u>	<u>5.80%</u>

**Columbia Gas of Pennsylvania
Distribution Service Improvement Charge (DSIC)
Surcharge Effective April 1, 2013**

**Base Revenue By Rate Class
For the 12 Months Ending March 31, 2014**

Customer Class	2013 Apr	2013 May	2013 Jun	2013 Jul	2013 Aug	2013 Sep	2013 Oct	2013 Nov	2013 Dec	2014 Jan	2014 Feb	2014 Mar	Total*
Residential	14,521,846	9,607,477	7,879,920	7,372,080	7,321,018	7,355,158	8,132,003	11,434,420	16,466,274	22,025,625	21,568,547	19,011,390	152,695,757
Commercial	4,537,391	2,675,507	2,076,572	1,787,775	1,697,701	1,725,666	2,236,439	3,468,400	5,340,245	7,468,979	7,465,307	6,204,477	46,684,460
Industrial	966,791	875,990	858,455	870,571	909,013	919,995	972,273	955,751	1,009,756	1,072,199	1,097,120	1,059,429	11,567,345
	20,026,028	13,158,974	10,814,948	10,030,427	9,927,731	10,000,818	11,340,715	15,858,571	22,816,275	30,566,804	30,130,974	26,275,296	210,947,561
	Quarterly Revenues												52,736,890

* Represents annual revenues consistent with those filed in Columbia Gas of Pennsylvania's most recent base rate case, Case 2012-232-1748.