

**STATEMENT OF OPERATING CONDITIONS**

**OF**

**UGI UTILITIES, INC. – GAS DIVISION**

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## **STATEMENT OF OPERATING CONDITIONS**

### **I. SCHEDULE OF SPECIFIC CONDITIONS APPLICABLE TO TRANSPORTATION SERVICE**

#### **1. AVAILABILITY**

This delivery service is available on a firm basis to any Shipper requesting transportation service pursuant to 18 C.F.R. §284.224 and it consists of the receipt of a daily quantity of gas by the Company from a Shipper at a specified Point(s) of Receipt along the Company's distribution system, the transportation of gas through the Company's facilities, and the delivery of an equivalent quantity of gas to a specified interstate Point(s) of Delivery. Firm service shall only be made available by Company when it determines, in its reasonable discretion and on a non-discriminatory basis, that such service can be accomplished by Company without detriment to the operation of its facilities and/or Company's ability to meet its local distribution obligations. A Shipper receiving firm service shall be limited to a maximum daily quantity ("MDQ").

#### **2. DEFINITIONS AND ABBREVIATIONS**

**Commission** – The term Commission refers to the Federal Energy Regulatory Commission ("FERC").

**Company** – The term Company shall mean UGI Utilities, Inc. – Gas Division.

**Dekatherm ("Dth")** – the quantity of heat energy which is equivalent to 1,000,000 Btu. One "Dekatherm" of Gas means the quantity of Gas which contains one Dekatherm of heat energy.

**Maximum Daily Quantity ("MDQ")** – The maximum daily quantity of gas in Dths per day, exclusive of applicable fuel, specified in a Shipper's Transportation Service

Agreement that Shipper may nominate and deliver to Company at a Point of Receipt and that Company shall deliver to a Point of Delivery.

**Operational Flow Order (“OFO”)** – A directive issued by the Company that is reasonably necessary to alleviate conditions that threaten the operational integrity of the Company’s system on a critical day, including actions necessary to comply with statutory directives and obligations. OFOs will be communicated as soon as reasonably practical to affected Shippers or NGSs via e-mail if the Shipper or NGSs prefer to receive notice in this manner and provide a valid e-mail address, or if no such preference is expressed, either electronically, by telephone, by facsimile, through the use of the media or by an alternate mutually agreed upon method between the Company and the Shipper or NGS. Shippers and NGSs must provide the Company with a 24-hour contact for OFOs.

**Point of Delivery** – The point of delivery shall be the interstate pipeline point specified in the service agreement executed by the Company and the Shipper.

**Point of Receipt** – The point of receipt shall be the point specified in the service agreement executed by Company and Shipper.

**Shipper(s)** – The term Shipper(s) shall mean an entity that has executed a Transportation Service Agreement with the Company.

**SOC** – Refers to the currently effective Statement of Operating Conditions of the Company.

**TSA** – Refers to the currently effective Transportation Service Agreement between Company and Shipper.

### **3. TRANSPORTATION SERVICE AGREEMENT**

Once a service request is accepted by Company, Shipper must execute a TSA in the form prepared by the Company specifying, amongst other things, the nature of the service (*i.e.*, firm service) and their MDQ. To the extent there is a disagreement between a Shipper's TSA and the SOC, the SOC shall prevail. This agreement shall remain in effect for the term specified therein, or if no term is specified then indefinitely, until terminated by the Shipper or the Company upon written notice to the other. Such termination shall be effective upon the issuance of the written notice. Notwithstanding the above, the Company may terminate service at any time as provided by law or by provisions of this SOC. Service will be initiated only on the first day of the calendar month, or as agreed to by the Company.

### **4. OVERRUN SERVICE**

Provided that the transportation and delivery of such gas for any Shipper can be accomplished by Company without detriment to the operation of its facilities and/or Company's ability to meet its other firm obligations, Company may, upon request of Shipper and after confirmation by of the interstate pipeline to which gas is being delivered, schedule on an interruptible basis quantities of gas in excess of Shipper's MDQ specified in its TSA. The delivery charge for such overrun service shall be agreed upon between Company and Shipper at the time such service is scheduled; provided however, that such charge shall not exceed the 100% load factor volumetric equivalent of the Maximum Transportation Charge specified in the Rate Summary. Service provided under this Section will be subject to the lowest priority of transportation covered by the SOC. The Company will accommodate any requests received for this service on a pro rata basis, and allocation will be done on the basis of MDQ.

5. **CHARGES**

**5.1 Monthly Bill.** The monthly bill shall consist of the sum of billings for the services as provided in this Statement of Operating Conditions and subject to the maximum rate attached hereto (which may be discounted). For billing purposes, the gas received and delivered hereunder shall be measured by metering facilities installed, operated and maintained by Company or its designee. Volumetric measurement data shall be converted to thermally equivalent quantities using the actual gross heating value in Btu (British thermal units) per standard cubic foot dry.

**5.2 Disputed Bills.** In the event that Shipper, in good faith, disputes any monthly bill, Shipper shall pay to Company any undisputed amount and shall notify Company in writing within fifteen (15) days following receipt of the invoice that Shipper disputes other amounts, which notice shall include adequate documentation demonstrating the amount of and basis for the dispute. The Shipper and Company shall endeavor in good faith to resolve such dispute within thirty (30) days following Company's receipt of such notice

**5.3 Late Payment.** If Shipper fails to pay any undisputed amount of any invoice when the amount is due, Company may bill Shipper a charge for late payment which will be included by Company on the next regular monthly bill rendered, or by separate invoice from Company to Shipper. The charge for any undisputed late payment shall be equal to the product of the unpaid, undisputed portion of the bill, with interest on the unpaid balance accruing using the interest rates and procedures specified in Section 154.501(d) of the Commission's Regulations, 18 CFR § 154.501(d), from the due date of payment to the date of actual payment.

**6. TITLE**

Receipt of gas by the Company for delivery service shall not vest title to the gas in the Company. Title to such gas shall remain vested in the Shipper.

**7. LIABILITY**

The Company shall not be liable, under any circumstances or in any respect to a Shipper, or to any other person or entity, for damages arising either directly or indirectly from curtailment, interruption or termination of delivery service that is consistent with this this Statement of Operating Conditions.

**8. NOMINATIONS**

**8.1 Gas Day.** Each Gas day shall begin and end at 10:00 A.M. Eastern Standard or Daylight-Savings Time, as applicable.

**8.2 Gas Quality.** The Company will not be obligated to transport or receive gas unless such gas is merchantable and will, upon receipt, meet quality specifications and pressure requirements of upstream or downstream pipelines and any requirement of the Company in its reasonable discretion. Acceptance by either party of gas that does not conform to the quality specifications stated above or in the TSA shall not constitute a waiver of such quality specifications by that party in regard to gas received or delivered under the TSA in the future, nor shall acceptance without an express written waiver constitute a waiver of any claim for damages resulting from delivery of gas not meeting such specifications.

**8.3 Nominations.** The Shipper shall provide to the Company, electronically or in other format specified by the Company, day-ahead and intraday nominations in Dth for flowing gas no later than the nomination deadline of the interstate pipeline

to which gas is being delivered. Shipper may designate a nomination agent to Company for purposes of handling all of Shipper's nomination, confirmation and imbalance resolution activity.

**8.4 Volume Adjustment.** The quantity of gas received into the Company's system for the Shipper's account and deemed to be delivered to the Point of Delivery shall be based on the day-ahead and intraday nominations for each day, as confirmed by the Company's gas control department.

(a) Operational Flow Order Penalty Charges – When operating conditions require, the Company shall notify the Shipper, electronically or in other format specified by the Company, of the issuance of an OFO.

1. Notice of the commencement of an OFO shall be provided as soon as practicable. Notice of the termination of an OFO may be made at any time, and shall specify the effective date and time of the termination.
2. OFO notices will contain specific instructions as to the action(s) required of the Shipper. The Shipper shall be responsible for any communications necessary for the Shipper's compliance with OFO requirements.
3. Penalty charges for non-compliance of an OFO shall be equal to the greater of: (a) \$25.00 per DTH, or (b) the actual cost or penalty incurred by the Company as a result of the violation by the Shipper.



## **9. BALANCING OF DELIVERIES**

Shipper and Company shall establish, and from time to time modify, procedures, policies, and guidelines that will ensure both Shipper's and Company's ability to monitor Shipper's nominations and usage to determine if Shipper would be in compliance with all balancing requirements of the interstate pipeline to which gas is being delivered. As part of this process, Shipper or its designated agent shall inform Company of its natural gas delivery nominations and Company shall confirm such nominations with the interstate pipeline to which gas is being delivered. In addition, all Shipper contingency nominations and associated Shipper contracts applicable to daily gas deliveries shall be provided to Company for nomination to the interstate pipeline to which gas is being delivered consistent with such pipeline's rules deeming Company to be the confirming party as the gate station point operator.

All downstream Shipper contracts and contingency contracts may be ranked with the interstate pipeline to which gas is being delivered in accordance with such pipeline's rules, as agreed to by all Shippers delivering at the same Delivery Point. Company shall allocate gas deliveries to each Delivery Point among all Shippers scheduled for delivery at such Delivery Point (i) first to such Shippers as are entitled to firm service based on the quantities received from such Shippers at the Receipt Points for delivery at the same Delivery Point up to their respective MDQs at such Delivery Point, (ii) then to Shippers receiving overrun service for deliveries to such Delivery Point, to the extent that such services are scheduled in accordance with Section 3. In the event that daily receipts from Shippers are insufficient to meet Shippers' confirmed delivery nominations at any Delivery Point, Company will allocate deliveries at such Delivery Point in accordance with the methodology agreed to by all Shippers, or if no pre-

determined allocation methodology is provided then on a pro-rata basis based on the confirmed delivery nominations at the Delivery Points.

Shipper shall at all times have at least one contract on the downstream interstate pipeline that will accept nominations and Company shall be permitted to allocate Shipper imbalances to such contract. Shipper shall have the right to minimize or eliminate any penalties or imbalance charges through retroactive allocations or imbalance trades in accordance with the tariff rules of the interstate pipeline where such imbalance resides.

**II. GENERAL TERMS AND CONDITIONS  
For Service Under 18 C.F.R. Section 284.224**

**1. STATEMENTS**

**1.1 Statements.** On or before the fifteenth (15<sup>th</sup>) of each month, Company shall tender to Shipper a monthly statement showing the following with respect to the preceding month:

- a. The Monthly Demand Charge, volumetric Transportation Charge, and any other charges or credits as set forth in Section 5 of the SOC applicable to Shipper's account;
- b. any applicable overrun multiplied by the quantity of authorized overrun service; and
- c. the total net amount due Company for services hereunder.

**1.2 Verification.** Both the Company and the Shipper shall have the right to examine, at reasonable times, books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any of the provisions hereof.

**2. PAYMENTS**

**2.1 Time.** Shipper shall render payment to Company for the amount due on the monthly statement on or before the last business day of each month by wire transfer.

**2.2 Default.** All bills carry the date they are placed in the mail, or, in the event bills are delivered by other means, they shall bear the date of delivery. If such failure to pay continues for thirty days after payment is due, the Company, in addition to any other remedy it may have hereunder, may, after any required application to and authorization by the governmental authority having jurisdiction, suspend

further delivery of gas until such amount is paid; provided, however, that if the Shipper in good faith shall dispute the amount of any such bill or parts thereof and shall pay to the Company such amounts as the Shipper concedes to be correct at any time thereafter, within thirty days of a demand made by the Company, the Shipper shall furnish a good and sufficient surety bond, to secure payment to the Company of the amount ultimately found due upon such bills after a final determination which may be reached either by agreement or judgment of the courts as may be the case, then the Company shall not be entitled to suspend further delivery of gas on account of such disputed claim while so secured.

**2.3 Adjustment.** In the event an error is discovered in the amount billed in any statement rendered by the Company, such error shall be adjusted within thirty days of the determination thereof; provided that claim herefor shall have been made within sixty days from the date of discovery of such error.

**3. FORCE MAJEURE**

Except with regard to indemnity obligations and payment obligations hereunder, neither Company nor Shipper shall be liable in damages to the other for any act, omission, or circumstances occasioned by or in consequence of any blockades, sabotage, wars, acts of terror, insurrections, riots, epidemics, weather events, extreme cold or freezing weather, lightning, restraint of rulers and peoples, civil disturbances, terrorist activities, explosions, the failure of any upstream or downstream pipeline to take gas or install, repair or operate facilities to receive gas, strikes, lockouts, work stoppages, or other industrial disturbances, delays in action of federal, state, or local government or any agency thereof, the order of any court or governmental authority having jurisdiction, or any other cause, whether of the kind herein enumerated or

otherwise, 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 (any such event, “Force Majeure”). In addition, solely with respect to Company, Force Majeure shall include mechanical failures, breakage of or accident to machinery, compressors, or line of pipe, and associated repairs, except to the extent that such breakage or accident is the result of Company’s failure to operate or maintain such facilities in accordance with good industry practice and in compliance with all valid and applicable laws, orders, directives, rules and regulations of governmental authorities having jurisdiction.

#### **4. CREDITWORTHINESS**

If at any time Company reasonably determines that a Shipper’s creditworthiness is unsatisfactory, Company may require such Shipper to provide credit assurance in a form and amount reasonably acceptable to Company but no more than three (3) months service or the equivalent amount, such as a letter of credit, third-party guarantee, deposit or prepayment. If Shipper fails to provide such credit assurance within five (5) business days after notice from Company, then Company shall have the right, at its sole election, to immediately suspend deliveries and/or to terminate the service initiation agreement in place with the Shipper.

### III. UGI UTILITIES, INC. – GAS DIVISION RATE SUMMARY

*Effective November 18, 2019*

#### **For Section 284.224 Transportation Service \***

The monthly charges for Transportation Service under Section 284.224 shall consist of the sum of billings for the services below:

#### **Firm Service Demand Charge (per MDQ) \*\***

|                             |                  |
|-----------------------------|------------------|
| Maximum Daily Demand Charge | \$1.1778 per Dth |
| Minimum Daily Demand Charge | \$0.0000 per Dth |

#### **Overrun Service Delivery Charge (per Dth Delivered) \*\*\***

|                         |                  |
|-------------------------|------------------|
| Maximum Delivery Charge | \$1.1778 per Dth |
| Minimum Delivery Charge | \$0.0000 per Dth |

\* A Shipper's late payment obligations are specified in the Statement of Operating Conditions. See Schedule of Specific Conditions Applicable to Transportation Service.

\*\* Company has the right to discount the rate below the maximum level.

\*\*\* Company has the right to discount the rate below the maximum level.