

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In The Matter of:**

**Application of Atmos Energy Corporation )**  
**For an Adjustment of Rates ) Case No. 2013-00148**  
**And Tariff Modifications )**

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**MOTION OF STAND ENERGY CORPORATION TO INTERVENE**

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Pursuant to KRS 278.310 and 807 KAR 5:001 §4(11), Stand Energy Corporation ("Stand Energy") moves the Kentucky Public Service Commission to Intervene in the above-named and numbered action. A memorandum in support of this motion is filed herewith and attached hereto.

Respectfully Submitted,

STAND ENERGY CORPORATION

BY: /s/ JOHN M. DOSKER  
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1077 Celestial Street, Suite #110  
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**CERTIFICATE OF SERVICE VIA ELECTRONIC FILING**

In accordance with the requirements for electronic filing as required in this case, I hereby certify that the foregoing electronic filing is a true and accurate copy of the documents to be filed in paper medium; that the electronic filing has been transmitted to the Commission on May 24, 2013; that an original of this filing will be delivered to the Commission within two days of May 24, 2013; and that no party has been excused from participation by electronic means.

/s/ JOHN M. DOSKER

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**COMMONWEALTH OF KENTUCKY**  
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**MEMORANDUM SUPPORTING MOTION OF  
STAND ENERGY CORPORATION TO INTERVENE**

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Stand Energy Corporation submits the following Memorandum in support of its Motion to Intervene herein. Stand Energy has differing commercial goals and direction than Atmos Energy Corporation (hereinafter "Atmos"), the Kentucky Attorney General, or any other party or prospective party in the above-captioned utility rate case. Therefore, no other participant can or will adequately represent or protect the interests of Stand Energy Corporation in this proceeding.

Stand Energy's participation in this proceeding will lead to the presentation of relevant facts and issues that will assist the Kentucky Public Service Commission in its consideration of the matters raised herein without unduly complicating, disrupting or delaying the proceedings. Stand Energy is a private gas marketer, incorporated in Kentucky in 1984 with its offices located at 1077 Celestial Street, Rookwood Building 3, Suite 110 Cincinnati, Ohio 45202-1629.

Stand Energy is engaged in the marketing of natural gas to a unique blend of public and private customers in over 16 states with relevant experience delivering natural gas behind more than 52 separate and distinct local distribution companies on a daily basis. (including Atmos Energy). Stand Energy has no connection to any regulated utility in any state.

The undersigned General Counsel has been licensed to practice law in Kentucky for over 25 years since 1987, has appeared before the Commission in past proceedings, and is a former member of the Executive Committee of the North American Energy Standards Board (NAESB), Gas Supplier Segment. Stand Energy has almost twenty-eight (28) years of experience in federal and state regulatory proceedings involving natural gas.

The Atmos petition proposes to adjust the rates of all classes of service within the Atmos system: residential, small non-residential, large non-residential and interruptible service customers. As such, it is appropriate for Atmos and the Commission to also consider proposals to modify and improve the existing Atmos Tariff to expand gas transportation services to commercial, industrial, governmental and other public entities including the appropriate thresholds and rates. Such issues were the topic of Case No. 2010-00146, *An Investigation of Natural Gas Retail Competition Programs* and the Commission's Resulting Order:

As for expanded transportation services to commercial and industrial consumers, and governmental and other public entities that do not currently qualify for existing transportation services, the Commission finds it appropriate to encourage Atmos, Delta, Duke Kentucky and LG&E to evaluate their existing transportation tariffs with the context of the operation of their distribution systems and the maintenance of system integrity. The EIA data on marketer and LDC prices for commercial customers reflects that the average marketer price was lower than the average LDC price in the majority (sic<sup>1</sup>) of states. (See, Appendix C). Therefore, the Commission will review the reasonableness of the existing transportation tariffs of each of the above-named LDC's and any proposed changes in rate design and product and service availability in their next general rate proceeding. (p. 16, Emphasis Added)

Atmos Energy Corporation has gas LDCs in 12 states: Colorado, Illinois, Iowa, Kansas, Missouri, Virginia, Texas, Georgia, Louisiana, Mississippi, Tennessee and Kentucky. In Illinois,

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<sup>1</sup> Exhibit C, *Consumer Prices Table 24* from a 2008 EIA Report lists 9 "selected states" Florida, Georgia, Maryland, Michigan, New York, Ohio, Pennsylvania, Virginia and the District of Columbia. Of these 9 states only in Georgia was the marketer price higher for commercial customers than the LDC price. In the other 8 states (8 out of 9) the marketer price was lowest for commercial customers.

Atmos allows all non-residential customers to transport their own gas. There are no additional charges or fees for customers to leave utility sales service and move to gas transportation with the exception of daily measurement equipment required for large customers. In Iowa there is no volumetric threshold and the only additional fee to transport customer-owned gas is a \$125/month administrative fee. In Missouri, Atmos has a special transportation program specifically for schools. There are no additional charges or fees to the schools but they must be in a supplier pool and there is capacity assignment. These few examples of public filings made by Atmos in the indicated states clearly demonstrate that Atmos has the knowledge and experience to run gas transportation programs for any size non-residential customers.

Stand Energy proposes that Atmos and the Commission should use the opportunity in this proceeding to expand eligibility for Atmos' Kentucky Gas Transportation programs for commercial, industrial, educational and governmental public entities by establishing a Pilot Program for Schools and enhanced Standards of Conduct to regulate the relationship and behavior of unregulated marketing affiliates of regulated natural gas utilities such as Atmos Energy Corporation. (e.g. Atmos Energy Marketing).

#### **Pilot Program for Kentucky's School Facilities;**

Atmos Energy Corporation and the other major natural gas utilities in Kentucky have barriers in their gas tariffs that preclude and prevent smaller, predominantly space-heating customers, such as Kentucky's school facilities, from being able to avail themselves of the benefits of gas transportation services. Some examples of these barriers are; excessive meter or administrative charges, high annual usage (volumetric) thresholds and high minimum summer gas usage (volumetric) requirements. As a result of these barriers, only a few of the very large

school buildings in Kentucky are able to take advantage of purchasing their gas supplies from suppliers other than their local gas utility. In contrast, a majority of the public and private school systems in Ohio and other states have been buying their gas supplies in the competitive marketplace since the mid-1980s with huge savings over the commodity price of natural gas they would otherwise have paid their local gas utility.

Until relatively recently, the price of natural gas had seen unprecedented volatility resulting in substantial price increases over historic gas pricing levels. This volatility put substantial financial burdens on Kentucky schools, the financial affects of which on school budgets are still being felt today. Stand Energy feels it is important to provide Kentucky's schools the opportunity to reduce energy costs and potentially have more money available to educate children. Oftentimes, simply giving customers the ability to budget annual gas costs can be as important to customers as gas savings. Stand Energy believes the objective of a *Gas Pilot Program for Kentucky's Schools* could be accomplished without significant financial harm to Atmos Energy or any other Kentucky gas utility.

In fact, Atmos participates in just such a program in the State of Missouri. Attached hereto as Exhibit 1 is a copy of the Atmos Gas Tariff, "P.S.C. MO. No. 2", Original Sheets 60 – 65 entitled, "*Missouri School Transportation Service*" for review by the Commission and Staff. Stand Energy suggests that Kentucky schools and Kentucky school children deserve the same consideration from Atmos Energy Corporation as Missouri schools and school children receive from Atmos. Lastly, this general rate case proceeding before the Kentucky Public Service Commission is an appropriate forum to discuss and implement such a program in the Atmos Kentucky service territory.

## Utility Standards of Conduct

Utility Standards of Conduct remediate market power often held by the unregulated marketing affiliate of a utility and promote healthy competition in the supply of natural gas by regulating the activities of, and relationships between, natural gas utilities and their unregulated gas affiliates and other natural gas suppliers.

For example, in 2006 the Commonwealth of Pennsylvania legislature focused on creating competitive energy markets in Pennsylvania. The legislature made Utility Standards of Conduct part of the Pennsylvania Statutes. (Pa. Code 62.141, et seq.). Attached hereto as Exhibit 2 are the relevant Pennsylvania statutes. Also attached are Utility standards of conduct adopted by Equitable Gas (Exhibit 3) and Peoples Gas (Exhibit 4) Utilities in Pennsylvania.

The Commission should impose reasonable restrictions on utility business practices that favor a gas utility's unregulated marketing subsidiary and discriminate against competitive suppliers. A competitive, level playing field in the sale of natural gas will yield the lowest commodity price for Atmos customers. A review of the Standards of Conduct attached hereto should confirm that Standards of Conduct are reasonable regulations that promote healthy competition in the provision of natural gas by preventing many forms of business discrimination while not unduly restricting the local utility from engaging in unregulated gas sales. Stand Energy implores the Commission to consider imposing Standards of Conduct against Kentucky gas utilities with an unregulated gas marketing affiliate.

WHEREFORE, Stand Energy Corporation respectfully requests that the Commission grant it Intervenor status.

Respectfully submitted,

**STAND ENERGY CORPORATION**

BY: /s/ JOHN M. DOSKER  
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FORM NO. 13 P.S.C. MO. No. 2

{Original} SHEET NO. 60

{Revised}

Cancelling P.S.C. MO. No. 1

{Original} SHEET NO.

{Revised}

Atmos Energy Corporation

FOR – All Areas

Name of Issuing Corporation

Community, Town or City

**MISSOURI SCHOOL TRANSPORTATION SERVICE**

AVAILABILITY:

This service is available to any seven-director, urban or metropolitan school district as defined pursuant to Section 393.310.2(3), RSMo. (Cum.Supp. 2002), and shall also include, one year after the effective date of this section and thereafter, any school for elementary or secondary education situated in this state, whether a charter, private, or parochial school or school district within the Company's Missouri service area who has purchased natural gas from a third party supplier and desires transportation of those volumes through the Company's facilities. The implementation of the pilot program will not have any negative financial impact on the Company, its other customers or local taxing authorities.

APPLICABILITY:

a. Service provided under this Schedule shall be subject to the Company's priorities of curtailment as filed with the Missouri Public Service Commission.

b. All gas transported hereunder by the Company shall be subject to the quality terms specified in respective pipeline company tariff and shall be subject to retention of a portion of the gas received for transportation to compensate the Company for Company used gas and Lost and Unaccounted for gas at a rate of 2%.

c. Service will be furnished at the utilization pressure normally supplied from the distribution system in the area. By mutual agreement, a higher pressure, if available, may be supplied. The heating value of gas must meet the applicable interstate pipeline quality specifications.

d. Participants should notify the Company no later than thirty (30) days prior to service beginning date. Customer shall agree to remain on this Rate Schedule for a period of not less than one year. Customer may return to sales service on November 1 of any year or at the end of the program by giving the Company notice no later than October 1 of that year.

e. Company will prepare a contract for execution by the Pool Operator addressing its obligations in respect to Nominations, Balancing Charges and Cash-Out provisions and other applicable charges.

f. Pool Operator for this section is defined as the entity responsible on the Customer's behalf, to act as an agent for Customer in nominating, scheduling and capacity release activities associated with this program, and cause delivery of, adequate natural gas supplies necessary to meet the Customer's Forecasted Daily Gas Supply Requirements. The Missouri School Board Association will select the Pool Operator for this service.

DATE OF ISSUE: March 1, 2007  
month day year

DATE EFFECTIVE: April 1, 2007  
month day year

ISSUED BY: Patricia Childers  
name of officer

Vice President-Rates and Regulatory Affairs  
title

Franklin, TN  
address

Name of Issuing Corporation

Community, Town or City

**MISSOURI SCHOOL TRANSPORTATION SERVICE (CONT'D)**

APPLICABILITY (CONT'D):

g. Pool Group is defined as the Customers participating in this rate schedule. A customer is assigned to a specific pool group on the basis of the connecting pipeline which serves the respective customer.

h. Company will be responsible for forecasting the Daily Gas Supply Requirements of participating transporters. The Forecasted Daily Gas Supply Requirement will be the average daily usage for each school for a particular month using two years (where available) of usage history. The Forecasted Daily Gas Supply Requirement will include a retention adjustment for distribution system losses in accordance with Section 2(b). The Forecasted Daily Gas Supply Requirement will be provided to the Pool Operator by September 20 of each Plan Year. The Pool Operator will be responsible for taking the Forecasted Daily Gas Supply Requirement provided by the Company and providing a nomination to the interstate pipeline supplier and the Company. Nomination Procedures, Balancing and Cash-out Charges will be handled in accordance with Sections 3, 4 and 5 set forth below.

i. The Pool Operator shall be responsible for pipeline imbalances, cash-outs, penalties, overrun gas charges or other charges it may create with the pipeline suppliers. All balancing charges or balancing-related obligations shall be the responsibility of the Pool Operator. Should the Pool Operator fail to satisfy such obligation, each individual transporter within such Pool Group shall remain responsible for their obligations. The Pool Operator shall enter into a group balancing agreement with the Company for a term of not less than one year.

TERMS AND PROVISIONS OF SERVICE UNDER THIS RATE SCHEDULE:

**1. Nomination Procedures**

a. The Pool Operator will actively confirm with the Company's Gas Supply Department by 3:00 p.m. (CST) six (6) working days prior to the end of the preceding month the aggregated daily volumes and associated upstream transportation contract number(s) to be delivered for the Pool Group on whose behalf they are supplying natural gas requirements. This information will be relayed using Company's standard nomination form.

b. In the event the Pool Operator must make any changes to the nomination during the month, the Pool Operator must directly advise Company's Gas Supply Department of those changes by 9:00 a.m. on the day preceding the effective date of the change. The Pool Operator must obtain prior approval from the Company to change the total daily volumes to be delivered to the city gate.

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Atmos Energy Corporation

Name of Issuing Corporation

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MISSOURI SCHOOL TRANSPORTATION SERVICE (CONT'D)

TERMS AND PROVISIONS OF SERVICE UNDER THIS RATE SCHEDULE (CONT'D):

2. Customer (s) Balancing Obligation

a. The Company will be responsible for any imbalances between the Forecasted Daily Gas Supply Requirement and the actual consumption caused by differences between actual weather and forecasted weather. An aggregation and balancing charge of \$.04 per Mcf on all throughput will be collected to offset the costs incurred by the Company to provide this service during the first year of availability and as approved by the Commission for subsequent years. No additional daily balancing fees will be imposed during the first year of the program. In the event that there is a residual balance, the Company will be allowed to true-up any differences as approved by the Commission. The support for any true-up will be filed by August 1st of each program year. The Commission will approve any true-up by November 1st of each program year. Balancing charges will be collected and credited to the monthly cost of the Purchased Gas Adjustment Clause.

b. Customers within the Pool Group for respective Company pricing zones on common pipeline will have the obligation to insure that their Pool Operator delivers the Forecasted Daily Gas Supply Requirement volume to the Company's city gate. Customers will be held responsible for any and all charges levied against their Pool Operator which are not paid.

c. Customers within one Pool Group will be treated as one customer for balancing. Consumption for all Transporters under this rate schedule will be aggregated to be compared to monthly aggregated Confirmed Nominations to calculate the Monthly Imbalance. Imbalances will be cashed-out in accordance with Section 5.

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MISSOURI SCHOOL TRANSPORTATION SERVICE (CONT'D)

TERMS AND PROVISIONS OF SERVICE UNDER THIS RATE SCHEDULE (CONT'D):

3. Cash-Out of Monthly Imbalances

- a. Meters for all customers within a Pool Group will be read on the same meter reading cycle. Consumption for all customers within a Pool Group will be aggregated to be compared to monthly-confirmed nominations for that Pool Group before calculating the monthly imbalance.
- b. Define by pipe. The cash-out rate will be calculated by applying the applicable pipeline's maximum firm transportation commodity rate and fuel charges to the pipeline's applicable cash-out rate as published at the end of each month.
- c. The cash-out charge or credit will be calculated by multiplying the Monthly imbalance by the cash-out rate.
- d. Revenue generated from cash-out charges shall be included in the annual PGA reconciliation filings as a reduction to the cost of gas for system sales customers.

4. Overrun Charges

On any day that the Confirmed Nomination volume is different than the Forecasted Daily Gas Supply Volume and the Pool Operator has not obtained prior approval for the variance, the Company shall charge the Pool Operator the greater of the appropriate pipeline cash-out charges or \$25.00 per Mcf. Overrun Charges will be collected and the revenues will be credited to the monthly Cost of Purchased Gas Adjustment Clause.

5. Assignment of Stranded Cost

- a. The Peak Day Need is defined as the Daily Average of the highest use month for each of the two most recent years for each participant.
- b. Company will release firm pipeline capacity on the applicable pipeline(s) equal to the Peak Day Needs for all customers in aggregate to the Pool Operator. The release will be at the same rate that the applicable pipeline(s) charges the Company for that capacity and will be for a term of one year. The release will be made on a recallable basis, but the Company agrees not to recall capacity unless requested to do so by Customer.

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**MISSOURI SCHOOL TRANSPORTATION SERVICE (CONT'D)**

TERMS AND PROVISIONS OF SERVICE UNDER THIS RATE SCHEDULE (CONT'D):

**6. Billing**

- a. After year one, each Pool Operator may pay the Company a monthly Administrative Fee which would be approved by the Commission.
- b. The monthly commodity charges and delivery charges equivalent in the applicable companion sales rate will be billed each transporter within the Pool Group by the Company in accordance with non-gas charges set forth in the Company's tariff for applicable Sales service.
- c. Customer will be billed a daily balancing charge on all volumes delivered or set forth above under 4a.
- d. Customer will be billed any pipeline transition cost recovery factor which would otherwise be applicable as a system sales customer.
- e. ACA charges related to prior periods approved by the Commission will apply and will be billed to the customer.
- f. The Pool Operator will be billed all Overrun charges and cash-outs.

**7. Taxes**

The Pool Operator shall be required to collect local municipal franchise taxes, if any, on natural gas supplied by a Third Party and remit franchise tax collections to the Company for payment to local municipal entity. In addition to local franchise taxes, schools shall agree, as a condition of obtaining service under this experimental program, to pay franchise tax on commodity transportation if applicable to Sales service for schools. Transportation shall be billed any applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by a governmental authority, which is assessed or levied against the Company or affects the Company's cost of operation and which the Company is legally obligated to pay on the basis of meters, customers, or rates of, or revenues from gas or service sold, or on the volume of gas produced, transported, purchased for sale, or sold, or on any other basis where direct allocation is possible.

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**MISSOURI SCHOOL TRANSPORTATION SERVICE (CONT'D)**

TERMS AND PROVISIONS OF SERVICE UNDER THIS RATE SCHEDULE (CONT'D):

**8. Terms of Payment**

Bills are delinquent if unpaid after the twenty-first (21st) day following rendition. Rendition occurs on the date of physical mailing or personal delivery, as the case may be, of the bill by the Company.

The Company shall add to any delinquent unpaid bill a sum equal to one and one half percent (1-1/2%) of the outstanding balance. In calculating the outstanding balance for these purposes, the Company may not include any amounts due to deposit arrears and amounts agreed to be paid under any deferred payment agreement. An unpaid bill shall be any undisputed amount that remains owing to the Company at the time of the rendition of the next bill. Failure to pay the late payment charge is grounds for discontinuance of service.

**9. Rules and Regulations**

Service will be furnished in accordance with Company's Standard Rules and Regulations.

**10. Reporting Requirements**

The Company shall, no later than June 1st of each year of the program, provide records of the revenues and expenses incurred as a result of this program. These records shall be provided to the Staff of the Missouri Public Service Commission and the Office of the Public Counsel and shall be categorized in sufficient detail to permit the PCS Staff and Office of the Public Counsel to determine what under or over recovery of expenses may be taking place at that time and to determine what changes in rates, if any, may be appropriate at that time to prevent any harm to the groups identified in RSMO section 393.310. The Commission may, no later than November 1st of each year of the program, implement any adjustments in rates it deems appropriate to comply with RSMO section 393.310.

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## Subchapter E. STANDARDS OF CONDUCT

Sec.

62.141. Definitions.

62.142. Standards of Conduct.

### Authority

The provisions of this Subchapter E issued under the Public Utility Code, 66 Pa.C.S. §§ 501, 502, 504—506, 508, 701, 1501, 1502, 2102—2107 and 2201—2212, unless otherwise noted.

### Source

The provisions of this Subchapter E adopted April 14, 2006, effective April 15, 2006, 36 Pa.B. 1748, unless otherwise noted.

### § 62.141. Definitions.

The following words and terms, when used in this subchapter, have the following meanings, unless the context clearly indicates otherwise:

*Affiliated NGS*—

(i) An NGS engaging in marketing activities related to natural gas supply services by the marketing division or marketing operation of an NGDC.

(ii) The term does not include a utility's marketing department or division to the extent that it informs existing or prospective customers of the availability and price of the regulated sales service that utility furnishes in its role as supplier of last resort.

*Commission*—The Pennsylvania Public Utility Commission.

*Favored customer*—Any customer of an NGDC or its affiliated NGS which receives a benefit of economic value to retain that customer on the distribution system.

*NGDC—Natural gas distribution company*—A public utility or city natural gas distribution operation that provides natural gas distribution services and which may provide natural gas supply services and other services. For purposes of this standard of conduct, the term does not include:

(i) A public utility subject to the jurisdiction of the Commission which has annual gas operating revenues of less than \$6 million per year, except:

(A) When the public utility voluntarily petitions the Commission to be included within the definition of NGDC.

(B) When the public utility seeks to provide natural gas supply services to retail gas customers outside its service territory.

(ii) A natural gas public utility subject to the jurisdiction of the Commission that is not interconnected to an interstate gas pipeline by means of a direct or indirect connection through the distribution system of another natural gas public utility or through a natural gas gathering system.

*NGS—Natural gas supplier*—

(i) An entity other than an NGDC, but including NGDC marketing affiliates without regard to structural relationship, which provides natural gas supply services to retail gas customers utilizing the jurisdictional facilities of an NGDC. The term includes:

(A) An NGDC that provides natural gas supply services outside its certificated service territories.

(B) A municipal corporation, its affiliates or any joint venture, to the extent that it chooses to provide natural gas supply services to retail customers located outside of its corporate or municipal limits, as applicable, other than:

(I) As provided prior to July 1, 1999, the effective date of 66 Pa.C.S. Chapter 22 (relating to natural gas competition), under a certificate of public convenience if required under this title.

(II) Total natural gas supply services in de minimis amounts.

(III) Natural gas supply services requested by, or provided with the consent of, the public utility in whose certificated territory the services are provided.

(IV) Natural gas supply services provided to the municipal corporation itself or its tenants on land it owns or leases, or is subject to an agreement of sale or pending condemnation, as of September 1, 1999, to the extent permitted by applicable law independent of 66 Pa.C.S. Chapter 22.

(ii) The term excludes an entity to the extent that it provides free gas to end-users under the terms of an oil or gas lease. Notwithstanding any other provision of 66 Pa.C.S. (relating to the Public Utility Code), an NGS that is not an NGDC is not a public utility as defined in 66 Pa.C.S. § 102 (relating to definitions) to the extent that the NGS is utilizing the jurisdictional distribution



facilities of an NGDC or is providing other services authorized by the Commission.

### Cross References

This section cited in 52 Pa. Code § 62.224 (relating to POR programs).

#### § 62.142. Standards of conduct.

(a) *General requirements.* NGDCs and NGSs shall comply with the following requirements:

(1) An NGDC shall apply its tariffs in a nondiscriminatory manner to its affiliated NGS and a nonaffiliated NGS.

(2) An NGDC may not apply a tariff provision in a manner that would give its affiliated NGS preference over other NGSs with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, nondelivery and other services provided to its affiliated NGS.

(3) Mandatory tariff provisions may not be waived by an NGDC for an NGS absent prior approval of the Commission.

(4) When a tariff provision is not mandatory or provides for waivers, an NGDC shall grant the waivers without preference to its affiliated NGS or nonaffiliated NGS.

(5) An NGDC shall maintain a chronological log of tariff provisions for which it has granted waivers. Entries must include the name of the party receiving the waiver, the date and time of the request, the specific tariff provision waived and the reason for the waiver. The chronological log must be open for public inspection during normal business hours. When the NGDC maintains a website, it shall post the terms set forth in this paragraph on its website for at least 3 months.

(6) An NGDC shall process requests for distribution services promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period. An NGDC shall maintain a chronological log showing the processing of requests for transportation services. The chronological log must be open for public inspection during normal business hours.

(7) If an NGDC provides a distribution service discount, fee waiver or rebate to its favored customers, or to the favored customers of its affiliated NGS, the NGDC shall offer the same distribution service discount, fee waiver or rebate to other similarly situated customers. Offers may not be tied to an unrelated service, incentive or offer on behalf of either the NGDC or its affiliated NGS. A chronological log shall be maintained showing the date, party, time and rationale for the action. The chronological log must be open for public inspection during normal business hours.

(8) Subject to customer privacy or confidentiality constraints, an NGDC may not disclose, directly or indirectly, any customer proprietary information to its affiliated NGS unless authorized by the customer. To the extent that an NGDC does disclose customer information without customer authorization, it shall first seek the permission of the customer consistent with its tariffs, any contractual obligations it may have to the customer or § 62.78 (relating to privacy of customer

information) and, if that customer grants permission, contemporaneously provide this same information to other similarly situated NGSs in a similar fashion so as not to selectively disclose, delay disclosure or give itself or its affiliated NGS an advantage related to the disclosure. A chronological log shall be maintained showing the date, party, time and rationale for the disclosure. The chronological log must be open for public inspection during normal business hours. This paragraph does not apply to the disclosure of customer information made under a customer assistance program mandated by State law or regulation.

(9) An NGDC shall reasonably allocate to its affiliated NGS the costs or expenses for general administration or support services provided to its affiliated NGS.

(10) NGDCs may not condition or tie the provision of a product, service or price agreement by the NGDC, including release of interstate pipeline capacity, to the provision of a product or service by its affiliated NGS.

(11) An NGDC may not give its affiliated NGS preference over a nonaffiliated NGS in the provision of goods and services including processing requests for information, complaints and responses to service interruptions. An NGDC shall provide comparable treatment in its provision of goods and services without regard to a customer's chosen NGS.

(12) An NGDC and its affiliated NGS shall maintain separate books and records. Transactions between the NGDC and its affiliated NGS may not involve cross-subsidies. Shared facilities must be fully and transparently allocated between the NGDC function and the affiliated NGS function. The NGDC accounts and records shall be maintained so that the costs incurred on behalf of an affiliated NGS are clearly identified.

(13) NGDC employees who have responsibility for operating the distribution system, including natural gas delivery or billing and metering, as well as those responsible for marketing and customer service, may not be shared with an affiliated NGS, and their offices shall be physically separated from the offices used by those working for the affiliated NGS. NGDC employees may transfer to an affiliated NGS provided the transfer is not used as a means to circumvent these standards of conduct.

(14) Neither the NGDC nor its affiliated NGS may directly, or by implication, falsely and unfairly represent to a customer, NGS or third party that an advantage may accrue to a party through use of the NGDC's affiliates or subsidiary, such as:

(i) The Commission-regulated services provided by the NGDC are of a superior quality when services are purchased from its affiliated NGS.

(ii) The merchant services for natural gas are being provided by the NGDC when they are in fact being provided by an affiliated NGS.

(iii) The natural gas purchased from a nonaffiliated NGS may not be reliably delivered.

(iv) Natural gas shall be purchased from an affiliated NGS to receive Commission-regulated services.

(15) When an affiliated NGS markets or communicates to the public using the NGDC name or logo, it shall include a legible disclaimer that states that:

(i) The affiliated NGS is not the same company as the NGDC.

(ii) The prices of the affiliated NGS are not regulated by the Commission.

(iii) A customer does not have to buy natural gas or other products from the affiliated NGS to receive the same quality of service from the NGDC.

(16) When an affiliated NGS advertises or communicates verbally through radio or television to the public using the NGDC name or logo, the affiliated NGS shall include at the conclusion of the communication a legible disclaimer that includes all of the disclaimers in paragraph (15)(i)—(iii).

(17) An NGDC may not:

(i) Jointly market or jointly package its Commission-regulated services with the services of an affiliated NGS.

(ii) Offer or provide to its affiliated NGS products or services, including bill inserts in its NGDC bills promoting an affiliated NGS's services or a link from the NGDC's website, unless the NGDC offers or provides these products or services to nonaffiliated NGSs on the same terms and conditions.

(iii) The restrictions in subparagraphs (i) and (ii) do not apply to competitive bid situations.

(18) An NGDC may not offer or sell natural gas commodity or capacity to its affiliated NGS without simultaneously posting the offering electronically on a source generally available to the market or by otherwise making a sufficient offer to the market. The NGDC shall maintain a chronological log of these public disseminations. The chronological log must be open for public inspection during normal business hours.

(19) An NGDC shall establish and file with the Commission complaint procedures for dealing with alleged violations of the standards of conduct, with the exception of paragraph (9), which is exclusively under the purview of the Commission. These procedures shall be developed in consultation with interested parties during consideration of tariffs guided by this section and § 69.191 (relating to general). The Commission may grant an exception to these requirements if warranted by the facts or circumstances.

(20) An NGDC shall keep a chronological log of any complaints filed, excepting those filed to paragraph (9), regarding discriminatory treatment of NGSs. This chronological log must include the date and nature of the complaint and the resolution of the complaint. The chronological log must be open for inspection during normal business hours.

(b) *Dispute resolution procedures.* In addition to the procedures in subsection (a)(19):

(1) When a dispute between an NGDC, an affiliated NGS or a nonaffiliated NGS alleging a violation of the standards of conduct provisions occurs, the NGS shall provide the NGDC or

affiliated NGS, as applicable, a written notice of dispute that includes the names of the parties and customers, if any, involved and a brief description of the matters in dispute.

(2) Within 5 days of an NGDC's or affiliated NGS's receipt of a notice of dispute, a designated senior representative of each party shall attempt to resolve the dispute on an informal basis.

(3) If the representatives are unable to resolve the dispute by mutual agreement within 30 days of receipt, they shall refer the complaint to the Commission's Office of Administrative Law Judge for mediation under § 69.392 (relating to availability of mediation process). A party may request mediation prior to that time if informal resolution is not productive.

(4) A party may file a complaint concerning the dispute with the Commission under relevant provisions of 66 Pa.C.S. §§ 701—703 (relating to procedure on complaints) and §§ 5.21—5.31 (relating to formal complaints).

(5) A complainant bears the burden of proof consistent with 66 Pa.C.S. § 332 (relating to procedures in general) in regard to the allegations and may request penalties for violations under 66 Pa.C.S. § 3301 (relating to civil penalties for violations).

(c) *Adoption as company policy.* An NGDC and its affiliated NGS shall formally adopt and implement these provisions as company policy and take appropriate steps to train and instruct employees in their content and application.

### Cross References

This section cited in 52 Pa. Code § 62.224 (relating to POR programs).

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November 15, 2011

Standards of Conduct for  
Distribution Service Providers

Equitable Gas Company, LLC Standards of Conduct  
(also found in Equitable Gas Company's Pa PUC Tariff)

Equitable Gas Company and all Natural Gas Suppliers operating on its system will comply with the following requirements:

- 1) Equitable shall apply its tariffs in a nondiscriminatory manner to its affiliated natural gas supplier and any nonaffiliated natural gas supplier.
- 2) Equitable shall not apply a tariff provision in any manner that would give its affiliated natural gas supplier an unreasonable preference over other natural gas suppliers with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, or non-delivery, and all other services provided to its affiliated natural gas supplier.
- 3) Mandatory tariff provisions shall not be waived by Equitable for any natural gas suppliers absent prior approval of the Commission.
- 4) If a tariff provision is not mandatory or provides for waivers, Equitable shall grant the waivers without preference to its affiliated natural gas supplier or non-affiliated natural gas supplier.
- 5) Equitable shall maintain a chronological log of tariff provisions for which it has granted waivers. Entries shall include the name of the party receiving the waiver, the date and time of the request, the specific tariff provision waived and the reason for the waiver. The chronological log shall be open for public inspection during normal business hours.
- 6) Equitable shall process requests for distribution services promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period. Equitable shall maintain a chronological log showing the processing of requests for transportation services. The chronological log shall be open for public inspection during normal business hours.
- 7) If Equitable provides a distribution service discount, fee waiver or rebate to its favored customers, or to the favored customers of its affiliated natural gas supplier, Equitable shall offer the same distribution service discount, fee waiver or rebate to other similarly situated customers. Offers shall not be tied to any unrelated service, incentive or offer on behalf of either Equitable or its affiliated natural gas supplier. A chronological log shall be maintained showing the date, party, time and rationale for the action. The chronological log shall be open for public inspection during normal business hours.

8) Subject to customer privacy or confidentiality constraints, Equitable shall not disclose, directly or indirectly, any customer proprietary information to its affiliated natural gas supplier unless authorized by the customer. To the extent that Equitable does disclose customer information without customer authorization, it shall contemporaneously provide this same information to other similarly situated natural gas suppliers in a similar fashion so as not to selectively disclose, delay disclosure, or give itself or its affiliated natural gas supplier any advantage related to the disclosure. A chronological log shall be maintained showing the date, time and rationale for the disclosure. The chronological log shall be open for public inspection during normal business hours.

9) Equitable shall justly and reasonably allocate to its affiliated natural gas supplier the costs or expenses for general administration or support services provided to its affiliated natural gas supplier.

10) Equitable shall not condition or tie the provision of any product, service or price agreement by Equitable (including release of interstate pipeline capacity) to the provision of any product or service by its affiliated natural gas supplier.

11) Equitable shall not give its affiliated natural gas supplier preference over a non-affiliated natural gas supplier in the provision of goods and services including processing requests for information, complaints and responses to service interruptions. Natural gas distribution companies shall provide comparable treatment in its provision of such goods and services without regard to a customer's chosen natural gas supplier.

12) Equitable and its affiliated natural gas supplier shall maintain separate books and records. Further, transactions between Equitable and its affiliated natural gas supplier shall not involve cross-subsidies. Any shared facilities shall be fully and transparently allocated between the Equitable function and the affiliated natural gas supplier function. Equitable accounts and records shall be maintained such that the costs incurred on behalf of an affiliated natural gas supplier may be clearly identified.

13) Equitable employees who have responsibility for operating the distribution system, including natural gas delivery or billing and metering, shall not be shared with an affiliated natural gas supplier, and their offices shall be physically separated from the office(s) used by those working for the affiliated natural gas supplier. Such Equitable employees may transfer to an affiliated natural gas supplier provided such transfer is not used as a means to circumvent these interim standards of conduct.

14) Neither Equitable nor its affiliated natural gas supplier shall directly or by implication, falsely and unfairly represent to any customer, natural gas supplier or third party that an advantage may accrue to any party through use of Equitable's affiliates or subsidiary, such as:

- That the Commission regulated services provided by Equitable are of a superior quality when services are purchased from its affiliated natural gas supplier; or

- That the merchant services (for natural gas) are being provided by Equitable when they are in fact being provided by an affiliated natural gas supplier;
- That the natural gas purchased from a non-affiliated natural gas supplier may not be reliably delivered;
- That natural gas must be purchased from an affiliated natural gas supplier to receive Commission regulated services.

15) When an affiliated natural gas supplier markets or communicates to the public using the Equitable name or logo, it shall include a legible disclaimer that states:

- That the affiliated natural gas supplier is not the same company as Equitable;
- That the prices of the affiliated natural gas supplier are not regulated by the Pa PUC; and
- That a customer does not have to buy natural gas or other products from the affiliated natural gas supplier in order to receive the same quality service from Equitable.

When an affiliated natural gas supplier advertises or communicates verbally through radio or television to the public using Equitable's name or logo, the affiliated natural gas supplier shall include at the conclusion of any such communication a legible disclaimer that includes all of the disclaimers listed in this paragraph.

16) Except in competitive bid situations Equitable shall not (a) jointly market or jointly package its Commission regulated services with the services of an affiliated natural gas supplier or (b) offer or provide to its affiliated natural gas supplier products or services, including bill inserts in its bills promoting an affiliated natural gas supplier's services or a link from Equitable's web-site, unless Equitable offers or provides the products or service to all non-affiliated natural gas supplier on the same terms and conditions.

17) Equitable shall not offer or sell natural gas commodity or capacity to its affiliated natural gas supplier without simultaneously posting the offering electronically on a source generally available to the market or otherwise making a sufficient offer to the market. Equitable shall maintain a chronological log of these public disseminations. The chronological log shall be open for public inspection during normal business hours.

18) Equitable shall keep a chronological log of any complaints, excepting paragraph (9), regarding discriminatory treatment of natural gas suppliers. This chronological log shall include the date and nature of the complaint and the resolution of the complaint. The chronological log shall be open for inspection during normal business hours.

19) Dispute Resolution Procedures: The following procedures are established for dealing with any alleged violation of these Standards of Conduct, with the exception of paragraph 9 which is within the exclusive purview of the

Commission. The Commission may grant any exception to these requirements if warranted by the fact and circumstances:

- In any dispute between a natural gas supplier, and/or an affiliated natural gas supplier, and a non-affiliated natural gas supplier alleging a violation of any of these Standards of Conduct provisions, the natural gas supplier must provide Equitable and/or affiliated natural gas supplier, as applicable, a written Notice of Dispute that includes the names of the Parties and Customer(s), if any, involved and a brief description of the matters in dispute.
- Within five (5) days of Equitable's and/or affiliated natural gas supplier's receipt of a Notice of Dispute, a designated senior representative of each of the Parties shall attempt to resolve the dispute on an informal basis.
- In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. A party may request mediation prior to that time if it appears that informal resolution is not productive.
- If mediation is not successful, then the matter shall be converted to a formal proceeding before a Commission Administrative Law Judge.
- Any Party may file a complaint concerning the dispute with the Commission under relevant provisions of the Public Utility Code.
- Parties alleging violations of these standards may pursue their allegations through the Commission's established complaint procedures. A complainant bears the burden of proof consistent with 66 Pa. C.S. §332 (relating to Public Utility Code) in regard to the allegations and may impose penalties for such violations pursuant to 66 Pa.C.S. § 3301.

(20) Equitable and its affiliated natural gas supplier shall formally adopt and implement these provisions as company policy and shall take appropriate steps to train and instruct its employees in their content and application.



PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 8 TO GAS—PA PUC NO. S-2  
SECOND REVISED PAGE NO. 13  
CANCELLING FIRST REVISED AND ORIGINAL PAGE NO. 13

### RULES AND REGULATIONS

#### 9. Dispute Resolution Process

The Company and each NGS will designate specific personnel for responding to complaints and disputes under this process.

The Company and the NGS shall use good faith and commercially reasonable efforts to informally and timely resolve all disputes that may develop between them. Failing such informal resolution, either party may initiate this Dispute Resolution Process by presenting a written Notice of Dispute that includes the names of the Parties and ratepayer(s), if any, involved and a brief description of the matters in dispute.

Within five (5) days of the Company's and/or the NGS's receipt of a Notice of Dispute, a designated senior representative of each of the Parties shall attempt to resolve the dispute on an informal basis.

In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. A party may request mediation prior to that time if it appears that informal resolution is not productive.

If mediation is not successful, then the matter shall be converted to a formal proceeding before a Commission Administrative Law Judge.

Any party may file a complaint concerning the dispute with the Commission under relevant provisions of the Public Utility Code.

#### 10. Standards of Conduct

(C)

- a. The Company shall apply its tariffs in a nondiscriminatory manner to its affiliated NGS and any nonaffiliated NGS.
- b. The Company shall not apply a tariff provision in any manner that would give its affiliated NGS an unreasonable preference over other NGSs with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, or nondelivery, and all other services provided to its affiliated NGS.
- c. Mandatory tariff provisions shall not be waived by the Company for any NGS absent prior approval of the Commission.
- d. If a tariff provision is not mandatory or provides for waivers, the Company shall grant the waivers without preference to its affiliated NGS or non-affiliated NGS.
- e. The Company shall maintain a chronological log of tariff provisions for which it has granted waivers. Entries shall include the name of the party receiving the waiver, the date and time of the request, the specific tariff provision waived and the reason for the waiver. The chronological log shall be open for public inspection during normal business hours and the Company shall (C) post the log on its website for a period of at least three (3) months.
- f. The Company shall process requests for distribution services promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period. The Company shall maintain a chronological log showing the processing of requests for transportation services. The chronological log shall be open for public inspection during normal business hours.

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**RULES AND REGULATIONS****10. Standards of Conduct (continued)****(C)**

- g. If the Company provides a distribution service discount, fee waiver or rebate to its favored ratepayers, or to the favored ratepayers of its affiliated NGS, the Company shall offer the same distribution service discount, fee waiver or rebate to other similarly situated ratepayers. Offers shall not be tied to any unrelated service, or incentive or offer on behalf of either the natural gas distribution company or its affiliated NGS. A chronological log shall be maintained showing the date, party, time and rationale for the action. The chronological log shall be open for public inspection during normal business hours.
- h. Subject to ratepayer privacy or confidentiality constraints, the Company shall not disclose, directly or indirectly, any ratepayer proprietary information to its affiliated NGS unless authorized by the ratepayer. To the extent that the Company does disclose ratepayer information without ratepayer authorization, it shall first seek the permission of the ratepayer consistent with the (C) Company's tariff, any contractual obligations with the ratepayer and Section 62.78 of the Pennsylvania Code, and if the ratepayer grants permission, the Company shall contemporaneously provide this same information to other similarly situated NGSs in a similar fashion so as not to selectively disclose, delay disclosure, or give itself or its affiliated NGS any advantage related to the disclosure. A chronological log shall be maintained showing the date, time and rationale for the disclosure. The chronological log shall be open for public inspection during normal business hours. This provision does not apply to the disclosure of customer (C) information made under a customer assistance program mandated by state law or regulation.
- i. The Company shall justly and reasonably allocate to its affiliated NGS the costs or expenses for general administration or support services provided to its affiliated NGS.
- j. The Company shall not condition or tie the provision of any product, service or price agreement by the Company (including release of interstate pipeline capacity) to the provision of any product or service by its affiliated NGS.
- k. The Company shall not give its affiliated NGS preference over a nonaffiliated NGS in the provision of goods and services including processing requests for information, complaints and responses to service interruptions. The Company shall provide comparable treatment in its provision of such goods and services without regard to a customer's chosen NGS.
- l. The Company and its affiliated NGS shall maintain separate books and records. Further, transactions between the Company and its affiliated NGS shall not involve cross-subsidies. Any shared facilities shall be fully and transparently allocated between the Company function and the affiliated NGS function. The Company accounts and records shall be maintained such that the costs incurred on behalf of an affiliated NGS may be clearly identified.
- m. The Company employees who have responsibility for operating the distribution system, including natural gas delivery or billing and metering, as well as those responsible for (C) marking and customer service, shall not be shared with an affiliated NGS, and their offices shall be physically separated from the office(s) used by those working for the affiliated NGS. Such Company employees may transfer to an affiliated NGS provided such transfer is not used as a means to circumvent these interim standards of conduct.

**RULES AND REGULATIONS****10. Standards of Conduct (continued)**

- n. Neither the Company nor its affiliated NGS shall directly or by implication, falsely and unfairly represent to any ratepayer, the NGS or third party that an advantage may accrue to any party through use of the Company's affiliates or subsidiary, such as:
- i. That the Commission regulated services provided by the Company are of a superior quality when services are purchased from its affiliated NGS; or
  - ii. That the merchant services (for natural gas) are being provided by the Company when they are in fact being provided by an affiliated NGS;
  - iii. That the natural gas purchased from a nonaffiliated NGS may not be reliably delivered;
  - iv. That natural gas must be purchased from an affiliated NGS to receive Commission regulated services.
- o. When affiliated NGSs market or communicate to the public using the Company's name or logo, it shall include a legible disclaimer that states:
- i. That the affiliated NGS is not the same company as the Company.
  - ii. That the prices of the affiliated NGS are not regulated by the Commission; and
  - iii. That a customer does not have to buy natural gas or other products from the affiliated NGS in order to receive the same quality service from the Company.

When an affiliated NGS advertises or communicates verbally through radio or television to the public using the Company name or log, the affiliated NGS shall include at the conclusion of any such communication a legible disclaimer that includes all of the disclaimers listed in this paragraph.

- p. Except in competitive bid situations, the Company shall not (a) jointly market or jointly package its Commission regulated services with the services of an affiliated NGS or (b) offer or provide to its affiliated NGS products or services, including bill inserts in its Company bills promoting an affiliated NGS's services or a link from the Company's web site, unless the Company offers or provides the products or service to all nonaffiliated NGSs on the same terms and conditions.
- q. The Company shall not offer to sell natural gas commodity or capacity to its affiliated NGS without simultaneously posting the offering electronically on a source generally available to the market or otherwise making a sufficient offer to the market. The Company shall maintain a chronological log of these public disseminations. The chronological log shall be open for public inspection during normal business hours.
- r. The Company shall utilize, unless otherwise agreed to by the affected parties, the following complaint and dispute resolution procedure for dealing with any alleged violations of any of the standards of conduct, with the exception of paragraph (i.), which are exclusively under the purview of the Commission:

**RULES AND REGULATIONS****10. Standards of Conduct (continued)****(C)**

- i. In the event a NGS (C) alleges a violation of any of these Standards of Conduct provisions, the NGS must provide the Company with a written Notice of Dispute that includes the names of the Parties and ratepayer(s), if any, involved and a brief description of the matters in dispute.
- ii. Within five (5) days of the Company's and/or the NGS's receipt of a Notice of Dispute, a designated senior representative of each of the Parties shall attempt to resolve the dispute on an informal basis.
- iii. In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. A party may request mediation prior to that time if it appears that informal resolution is not productive.  
(C)
- iv. Any party may file a complaint concerning the dispute with the Commission under relevant provisions of the Public Utility Code.
- v. (C) A complainant bears the burden of proof consistent with 66 Pa. C.S. Section 332 (relating to Public Utility Code) in regard to the allegations and the Commission may impose penalties for such violations pursuant to 66 Pa. C.S. Section 3301.
- s. The Company shall keep a chronological log of any complaints, excepting paragraph (i.), regarding discriminatory treatment of NGS. This chronological log shall include the date and nature of the complaint and the resolution of the complaint. The chronological log shall be open for inspection during normal business hours.

**11. Confirmation of Ratepayer Enrollment**

When the Company receives notice that a ratepayer has elected to switch NGSs or return to the Company's Supplier of Last Resort service, the Company shall initiate the confirmation procedure described herein. Such changes shall coincide with the start of customer's next billing cycle.

- a. The NGS must maintain either a mainframe computer or a personal computer that meets the processing capabilities required by the Company.
- b. The NGS shall notify the Company of new or deleted ratepayers via e-mail file in approved spreadsheet format. The NGS should notify the Company only of additions or deletions to its ratepayer list; existing ratepayers shall not be included.

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