

Appendix A

Natural Gas Curtailment Plan

Section 2.3 of the Terms and Conditions of BGE's Gas Service Tariff specifies that in the event of a curtailment of gas supply, the Company will implement limitations to service in accordance with this Natural Gas Curtailment Plan. In addition to any orders of Federal or State authorities establishing priorities of or limitations to service, if the Company is unable to maintain safe minimum delivery pressure on part or all of its distribution system, this Curtailment Plans will be implemented. The Plan specifies the hierarchy of gas service and use during extraordinary situations and is consistent with Public Service Commission regulations, Maryland Emergency Management Agency requirements, BGE's Gas Emergency Manual Standards and the Maryland Natural Gas Supply Contingency Plan.

- A. Curtailment Hierarchy:** If curtailment of supply becomes necessary, and sufficient implementation time is available, customers will be notified that their use will be curtailed under the guidelines listed below. This curtailment hierarchy commences after customers receiving service under Rate Schedules IS and ISS are interrupted for distribution system purposes. The curtailment hierarchy does not reflect a rigid sequence of operations, but rather a flexible option of alternatives necessary to react quickly and effectively to various circumstances. These steps may be implemented either sequentially or simultaneously, depending on the nature and extent of the emergency. Where immediate action is required to protect distribution system reliability and sufficient time is not available to implement the Curtailment Hierarchy detailed below, gas supply to specific areas of the distribution system may be temporarily discontinued, resulting in complete curtailment of all customers within the area.

The Company may curtail or temporarily discontinue gas supply in the following order without incurring any liability for any subsequent loss or damage which the Customer may sustain by reason of such curtailment or discontinuance of gas supply.

1. Supply for customers served under Schedules IS and ISS and Special Contracts is discontinued, except for Optional Firm Delivery Service (OFDS). Any OFDS gas used, but not delivered by the Customer into the Company's distribution system is billed at the higher of the Gas Commodity Price (Riders 2 and 12) or 110% of the highest Transco Zone 6 (non-New York) price during the curtailment period. BGE will not supply gas above OFDS levels. Any gas used in excess of OFDS levels will be billed at the Curtailment Penalty Rate.
2. Where the curtailment is supply related, including interstate gas pipeline capacity limitations, supply for customers served under Schedule C Non-Standby is discontinued. Any gas used will be billed at the Curtailment Penalty Rate. Under all other situations, Schedule C Non-Standby Service customers are included with all other Schedule C customers under paragraph 4.

3. OFDS supply for customers served under Schedules IS and ISS and Special Contracts is discontinued. Any gas used will be billed at the Curtailment Penalty Rate.
 4. Supply for Daily Metered customers served under Schedule C electing Non-Standby Service, is discontinued except for OFDS. Any OFDS gas used, but not delivered by the Customer in the Company's distribution system, is billed at the higher of the Gas Commodity Price or 110% of the highest Transco Zone 6 (non-New York) price during the curtailment period. Any gas used in excess of OFDS levels will be billed at the Curtailment Penalty Rate.
 5. Supply for customers served under Schedule C not covered under paragraph 4 is discontinued. Any gas used will be billed at the Curtailment Penalty Rate.
 6. Supply for customers served under Schedule D is discontinued.
- B. Curtailment Penalty Rate:** Failure by a Customer to comply with curtailment notices shall result in a penalty of \$100 per Dth applied to all use of curtailed gas.
- C. Payment for Transportation Gas:** For curtailed customers, any customer owned transportation gas arriving at BGE's City Gate during the curtailment period but not delivered to the Customer will be purchased by the Company at the higher of the Gas Commodity Price or the Transcontinental Gas Pipeline Company (Transco) Zone 6 (non- New York) average daily price during the curtailment period.
- D. Sudden Failure of Alternate Fuel System:** Customers who experience a sudden failure of their alternate fuel system, upon obtaining permission and if conditions permit, will be allowed sufficient gas to permit an orderly shut-down or a quick repair. If permission is granted, gas used will be treated as OFDS gas for up to 6 hours. When permission is denied, gas used will be charged to the customer at the Curtailment Penalty Rate.
- E. Report to the Commission:** Where a curtailment of natural gas supply is required under this Plan, a report will be submitted to the Public Service Commission within 30 days following the restoration of service explaining the causes of the curtailment. In the event that the curtailment extends beyond 3 months, interim reports will be submitted on a quarterly basis.