



Via Electronic Filing

June 30, 2008

Terry J. Romine, Executive Secretary
Public Service Commission of Maryland
William Donald Schaefer Tower
6 St. Paul Street
Baltimore, Maryland 21202-8606

**Re: Supplement 323 to P.S.C. Md. G-9 (Mail log # 111344)
Supplemental Filing**

Dear Ms. Romine:

On June 24, 2008, Baltimore Gas and Electric Company (BGE) filed Supplement 323 to P.S.C. Md. G-9, which proposed, among other things, revisions to Schedule AIS – Automatic Interruptible Service to remove the radio control and alternate fuel requirements, and to change the name to Schedule ISS – Interruptible Small Volume Service. The Table of Contents, Schedule DSG, and Rider Index of BGE’s Retail Gas Service Tariff contain references to Schedule AIS. BGE provides as a supplement to its June 24 filing the attached redlined tariff pages from the Table of Contents, Schedule DSG, and the Rider Index changing these references to the proposed new Schedule ISS, as Attachments A, B, and C, respectively.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Sheldon Switzer', is written over a horizontal line. The signature is cursive and somewhat stylized.

Sheldon Switzer

SS:jdb

Attachments

Attachment A

GAS
SERVICE TARIFF

BALTIMORE GAS AND ELECTRIC COMPANY

G A S S E R V I C E T A R I F F

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Attachment B

DELIVERY SERVICE GAS SUPPLIERS

SCHEDULE DSG

1. **AVAILABILITY:** For qualified gas suppliers where:

1.1 the Supplier:

- executes a written contract with a Customer served under one of the Company's rate schedules to deliver gas to the Company's City Gate; and
- obtains a license from the Public Service Commission of Maryland; and
- submits an Application to the Company to provide service to customers under this Schedule; and
- agrees to abide by the provisions of the applicable Stipulations and Agreements in Case No. 8683; and
- satisfies the Company's credit requirements; or

1.2 the Daily-Metered Customer elects to act as its own gas supplier.

2. **DEFINITIONS:**

2.1 Daily Requirement: For customers served under Schedule D and non-Daily-Metered customers served under Schedule C, the aggregate amount of Customer-owned gas as determined each day by the Company and scheduled by the Supplier to be delivered by the interstate gas pipeline(s) to the Company's City Gate each day, net of Company distribution system unaccounted-for gas as defined by the Unaccounted-for Gas Factor determined under Rider 11.

2.2 Daily-Metered Customer: A Supplier Gas Commodity Service Customer served under Schedule C with annual use of 120,000 therms or greater, or with annual use greater than 90,000 therms and less than 120,000 who elects to have an AMR device installed, or any customer served under Schedules IS or ~~AIS~~ ISS.

2.3 FERC: Federal Energy Regulatory Commission

2.4 Nomination: The amount of Customer owned gas scheduled by the Supplier to be delivered by the interstate gas pipeline(s) to the Company's City Gate, inclusive of Company distribution system unaccounted-for gas as defined by the Unaccounted for Gas Factor determined under Rider 11.

2.5 Gas Day: A 24 hour period beginning at 10:00 a.m. Eastern Time.

Schedule DSG continued

3. TERMS AND CONDITIONS FOR ALL SUPPLIERS:

3.1 Failure to Deliver Gas: Failure to deliver gas as defined in this provision may result in the disqualification of the Supplier at the sole discretion of the Company. For the Daily-Metered Program, failure to deliver gas is defined as 3 Gas Days of unreconciled zero gas deliveries when gas is being used by the Customer within either of the winter or summer seasons, unless such failure to deliver gas is caused by a Force Majeure event as defined in this Schedule. For the Daily Requirements Service, 3 Gas Days of unreconciled delivery at less than the Daily Requirement within either of the winter or summer seasons will also constitute a failure to deliver gas unless such failure to deliver gas is caused by a Force Majeure event as defined in this Schedule. To avoid being counted as a failure to deliver gas, reconciliation must be made within 24 hours of notification by the Company that a failure to deliver has occurred. The Company will notify the Supplier and the Commission's Director of Rate Research and Economics upon the second occurrence of an unreconciled failure to deliver gas. The winter season is November 1 through March 31, inclusive. The summer season is April 1 through October 31, inclusive.

3.2 Supplier's Responsibility to Cooperate with the Company: The provisions of all Schedules are predicated upon the Supplier's cooperation to not materially affect the Company's operations or administrative systems. If the Supplier fails to cooperate in resolving a dispute, the Company reserves the right to suspend the Supplier's addition of new customers for a period of up to one year, with the Supplier retaining the right of appeal to the Maryland Public Service Commission. Continued failure to cooperate shall, in the sole opinion of the Company, result in disqualification of the Supplier from the Gas Choice programs, as applicable. To be reinstated as a qualified Supplier, in addition to meeting all other applicable qualification criteria, the Supplier shall deposit with the Company for a period of one year, a security deposit in the amount of the product of (1) the Supplier's Daily Requirement or for Suppliers serving Daily-Metered customers the average daily load of these customers served during the prior 12 months, (2) 30 days and (3) the Gas Commodity Price - Firm (Rider 2), all determined at the time the Supplier applies for re-qualification. At the conclusion of one year and upon the Supplier's request, the Supplier's security deposit shall be returned to the Supplier if there has not been another occurrence of non-compliance with the delivery requirements by the Supplier. If there is an additional occurrence of non-compliance with delivery requirements during the one year period, in addition to the standard penalty, the security deposit shall be forfeited and the Supplier shall be ineligible for re-qualification for an additional consecutive year.

3.3 Operational Flow Orders: At any time that the Customer's Transportation Gas causes, in the sole judgment of the Company, significant adverse operating impacts on the Company's distribution system or its ability to serve its firm service customers, the Company reserves the right to refuse delivery, require the Supplier to deliver more gas at the Company's City Gate, or to deliver the gas to different Company- specified receipt points to the extent necessary to alleviate the adverse impact and require the Supplier to adjust its interstate gas pipeline nomination. The Operational Flow Order shall be issued by 9:00 a.m. Eastern time for next gas day deliveries. A penalty of \$2.50 per therm (\$25.00 per Dth) shall be applied to all therms not in compliance with the Operational Flow Order.

Schedule DSG continued

Any penalties collected from Suppliers for non-compliance with an Operational Flow Order will be applied as a credit to the Gas Commodity Price.

3.4 Daily Nominations: By 2:00 p.m. Eastern time each day, the Supplier shall provide to the Company by electronic, or other means as specified by the Company, its Daily Nomination for the next Gas Day by interstate gas pipeline. Any intra-day nomination changes shall be provided by 7:00 p.m. Eastern time of the current Gas Day. By 2:00 p.m. Eastern time of the next day, the Supplier must finalize its Daily Nomination for that day.

3.5 Credit Worthiness:

3.51 General Provisions

- (a) To become a Qualified Gas Supplier, the Supplier will be required to provide collateral as defined in this provision (the Required Collateral) which may be in the form of liquid collateral (letter of credit, surety bond, or cash in certain specific cases as described in paragraph (a) of Sec. 3.53 - Collateral Requirements of this Schedule) or a guaranty. The Required Collateral may be called upon to satisfy any undisputed costs incurred by the Company related to the Supplier's participation in the Supplier Gas Commodity Service program, including, but not limited to, legal and collection costs associated with the Supplier's failure to comply with the terms of this Schedule. In certain limited cases, a Supplier may be classified as unsecured. If the Supplier elects to use a guaranty or requests to be unsecured, the Guarantor or the Supplier, respectively, shall submit all requested financial information and satisfy a credit appraisal by the Company. The Company shall apply, on a non-discriminatory basis, financial standards to determine the acceptability of the Guarantor's or the Supplier's overall financial condition. Such credit appraisal will include, but not be limited to, (1) a review of the Guarantor's or Supplier's Balance Sheet, Income Statement, Statement of Cash Flows, and any other material information identified by the Company, and (2) the calculation of various financial ratios focusing on the Guarantor's or Supplier's liquidity, profitability and capital structure.
- (b) The Supplier shall provide the Company with the following information for up to two authorized representatives who are designated to receive credit communications. The Company will provide comparable information to the Supplier. Both the Supplier and the Company shall promptly notify the other party of any changes in this information. Both parties must manage internal distribution of communications that are received. The following information is required:
1. names
 2. mailing addresses
 3. telephone numbers
 4. e-mail addresses
 5. facsimile numbers
 6. business hours

Schedule DSG continued

- (c) The Supplier shall submit the completed Credit Application provided by the Company with no changes or alterations and one set of supporting financial documents as required in the application. Submittal of the Credit Application and supporting documents by e-mail or facsimile is permitted. However, if the submittal is by e-mail or facsimile, it is the burden of the Supplier to ensure that the Company received the e-mail or facsimile.
- (d) The Supplier and any Guarantor are required to provide annual financial documents to the Company within 5 business days of the standard filing dates required by the Securities and Exchange Commission (SEC) for annual financial statement filings. The unsecured Supplier or the Guarantor is also required to provide quarterly financial documents within 5 business days of the standard filing dates required by the SEC for quarterly financial statement filings. Submittal of the required documents to the Company by e-mail or facsimile is permitted. However, if the submittal is by e-mail or facsimile, it is the burden of the Supplier to ensure that the Company received the e-mail or facsimile.
- (e) Timelines for processing the Credit Application begin when a fully completed Credit Application, including all required supporting documents, is received by the Company. Initial submittal of the Credit Application and the initial and annual submittal of all required supporting documents by e-mail or facsimile is permitted provided the documents are also provided using a method that verifies that delivery took place as required above. The Company will evaluate the Applicant's Credit Application and all supporting documents for completeness and notify the Applicant of any missing elements within 5 business days of receipt. Such notification will be in writing and specify the elements needed to complete the Application. The notice will be delivered by overnight delivery, facsimile, or e-mail. The credit review timelines will re-start when the Company receives the missing elements. The Company will complete its initial and annual credit evaluation within 30 calendar days and the Supplier will not become disqualified while the Company is performing its review, except as may be appropriate under other provisions of this Schedule. All information and supporting documents provided by the Supplier or Guarantor for the purposes of credit evaluation shall be held confidential by the Company except to the extent the Company is directed to disclose such information and documents by the Public Service Commission, a court of competent jurisdiction or upon the mutual agreement of the Company and the Supplier.
- (f) Collateral will be required from the Supplier for two separate periods: for the winter season, November 1 through March 31, and for the summer season, April 1 through October 31. The Required Collateral will be the sum of the Company's risk exposure as provided in Sec. 3.52 of this Schedule.

Schedule DSG continued

3.52 Risk Exposure

(a) Replacement Gas Exposure

The determination of the risk exposure for replacement gas is a two-step process and is the product of the (1) daily volumes at risk, (2) price at risk, and (3) number of days at risk, for both the Daily Requirements Service and the Daily-Metered Program.

Under the terms of the respective Schedules, the Company is under no obligation to supply gas commodity to customers served under Schedules IS, ~~AISISS~~ or C Non-Standby. Gas commodity supply for these customers is subject to the “Failure of the Customer’s Transportation Gas to arrive at the City Gate” provisions of the respective Schedules. For the Daily-Metered Program, therefore, the following calculations will only be made for Schedule C Standby Service customers served by the Supplier. The calculations will also be made for all customers served by the Supplier under the Daily Requirements Service.

1. The first step in calculating the risk exposure for replacement gas reflects the period of time of non-delivery of gas to the Company’s City Gate.
 - (i) The daily volumes at risk are the estimated average daily delivery volumes for the upcoming January and April for the winter (November 1 through March 31) and summer (April 1 through October 31) seasons, respectively, based on the estimated number of customers in each customer class served by the Supplier. The estimated number of customers served by the Supplier will be the number of customers enrolled by the Supplier for October and March, respectively.
 - (ii) The price risk for the winter and summer periods will be the average of (1) the highest monthly average Transco Zone 6 (Non-New York) price during the preceding 3 winter and the preceding 3 summer periods as quoted in Platt’s *Gas Daily*, and (2) the sum of (a) the New York Mercantile Exchange (NYMEX) futures prices as quoted in Platt’s *Gas Daily*, and (b) the Transco Zone 6 Non-New York basis, both for January and April as of the 17th workday of September and February, respectively. The price will be re-evaluated each year for the respective winter and summer periods.
 - (iii) The number of days at risk is 5 calendar days which is the sum of 3 calendar days of non-delivery by the Supplier and 2 calendar days until the customers can be returned to BGE’s Gas Commodity Service.

Schedule DSG continued

2. The second step reflects the remainder of the month for which gas must be purchased at mid-month levels.
 - (i) The volumes at risk are the estimated average daily delivery volumes for the upcoming January and April for the winter and summer seasons, respectively, as determined in Sec. 3.52 (a)(1)(i) of this Schedule.
 - (ii) The price risk will be the largest positive difference between (1) the highest monthly average Transco Zone 6 (Non-New York price during the preceding 3 winter and the preceding 3 summer periods as quoted in Platt's *Gas Daily*, and (2) the Company's City Gate Index as determined under Rider 2 of the Gas Service Tariff in the same month as the price determined in part (1) of this paragraph.
 - (iii) The number of days at risk is 25 calendar days.

(b) Services Provided Exposure

The risk exposure for services provided to the Supplier by the Company will be determined as the estimated Supplier's bill for the upcoming January and April for the winter and summer seasons, respectively.

3.53 Collateral Requirements

- (a) Unless the Supplier is approved by the Company as unsecured, the Supplier will be required to provide the Required Collateral, which must either be in the form of a Letter of Credit or a Surety Bond from an investment graded company, or a Guaranty from an acceptable party pursuant to the requirements below. The Company may at its sole discretion accept a short-term cash deposit for up to 5 calendar days. The cash deposit time limit may be extended at the Company's sole discretion in 5 calendar day increments up to a maximum term of 30 calendar days. The Required Collateral must be for an amount equal or greater than the sum of the amounts calculated pursuant to Sec. 3.52 of this Schedule.
- (b) The Supplier may substitute an alternative collateral instrument of an amount at least equal to the Required Collateral provided there is no time gap or overlap in coverage and the substitute instrument satisfies all collateral requirements. The substitute instrument should have an effective date consistent with the review periods defined in this paragraph. Unless the substitute instrument is a new Guaranty, the Company will evaluate the substitute instrument and return or release the original instrument in 5 business days if the substitute instrument satisfies the Company's requirements. If the substitute instrument is a Guaranty from a different Guarantor, all supporting financial documents for the new Guarantor must be provided. The Company will perform its credit appraisal and return or release the original instrument in 35 calendar days if the new Guarantor satisfies the Company's financial standards.

Schedule DSG continued

- (c) A Supplier will be considered unsecured provided both of the following conditions are met:
1. The Supplier's debt is rated at least investment grade by at least two rating agencies. The Supplier is required to present verifiable evidence of its unsecured debt rating level from at least two of the following recognized rating agencies: Moody's, Standard & Poors, or Fitch.
 2. The Supplier provides the required financial supporting documents and is approved by the Company's Credit Unit based on its financial evaluation for at least the amount of Required Collateral.
- (d) A Guaranty will be an acceptable form of the Required Collateral provided all of the following conditions are met:
1. The Guarantor's debt is rated at least investment grade by at least two rating agencies. The Guarantor is required to present verifiable evidence of its unsecured debt rating level from at least two of the following recognized rating agencies: Moody's, Standard & Poors, or Fitch. The Company reserves the right at its sole discretion and in very limited circumstances to waive the debt rating requirement.
 2. The Guarantor provides the required financial supporting documents and is approved by the Company's Credit Unit for at least the amount of Required Collateral.
 3. The Guarantor provides:
 - (i) A Certificate of Authority of the individual signing the contract and/or ancillary documents;
 - (ii) Documented evidence acceptable to the Company demonstrating that the Guarantor can guarantee this type of transaction for the Supplier; and
 - (iii) An unconditional Guaranty in an amount equal to or greater than the Required Collateral. The form of the Guaranty shall be provided to the Guarantor by the Company and shall be used by the Guarantor without any additions, deletions, or alterations.
- (e) If the unsecured Supplier's or the Guarantor's debt falls below investment grade so that there are no longer at least two rating agencies rating the unsecured Supplier's or the Guarantor's debt investment grade, the Supplier is responsible for notifying the Company in writing of the fall of the unsecured Supplier's or the Guarantor's debt below investment grade within 5 business days after the rating agency's action which causes the unsecured Supplier's or the Guarantor's debt to no longer be rated investment grade by at least two rating agencies. At that point, the Supplier will no longer be considered unsecured or the Guaranty will no longer be acceptable to serve as the form of Required Collateral. The Supplier will have 5 business days from this notification to provide the Company with an acceptable form of the Required Collateral in the same amount as had previously been determined.

Schedule DSG continued

- (f) Subject to the Supplier providing the Company with an assurance acceptable to the Company that the Parking and Balancing Service Pool inventory gas and/or the Supplier's receivables under the Unified Gas Billing Program have not and will not be either pledged as collateral or assigned to a third party, the Required Collateral may be reduced by one or both of the following offsets. However, in no event shall the amount of Required Collateral be less than \$10,000 for the summer season and \$50,000 for the winter season unless the Supplier is rated unsecured or a Guaranty is provided. If a Guaranty is provided, the minimum Required Collateral amounts are \$60,000 and \$12,000 for the winter and summer periods, respectively, to account for expenses of enforcement under the financial cap of the Guaranty.
1. The value of the Supplier's Parking and Balancing Service Pool inventory as determined by multiplying (i) the minimum amount of gas to be parked for the months of January and June, respectively, times (ii) the estimated weighted average cost of the Company's pipeline storage inventory for January and June, respectively.
 2. The estimated amount of remittances to be made by the Company to the Supplier during January and April, respectively, under the Unified Gas Billing Program. The "estimated amount of remittances" will be determined from the average monthly remittance amount from the prior winter or summer period adjusted by the percentage change in the number of customers served by the Supplier.
- (g) The Company will notify the Supplier by overnight delivery, facsimile or e-mail of the amount of Required Collateral for the winter and summer seasons by October 1 and March 1, respectively. Notification will be by e-mail if available. If e-mail is not available, notification will be by overnight delivery or facsimile as mutually agreed by both parties.
- (h) The Required Collateral for the winter and summer seasons shall be in place by October 31 and March 31, respectively.
- (i) If the Required Collateral is not in place by the respective due dates, the Company will suspend the Supplier's ability to add new customers until the Required Collateral is provided to the Company. If the Required Collateral is not in place by the 17th workday of the following month, the Supplier will be disqualified.

Schedule DSG continued

- (j) The Company reserves the right to (1) require collateral if none is currently held, (2) re-evaluate the amount of the Required Collateral if the estimated Risk Exposure for the Supplier changes upward by more than 10 percent during the respective seasons and (3) revise the form of the Required Collateral (liquid collateral or Guaranty) if there is an adverse material change in the Supplier's or Guarantor's financial condition, ownership or corporate structure; a transfer, sale, or assignment of an adverse material level of the Supplier's or Guarantor's assets; the Supplier or Guarantor files for a petition in bankruptcy; the assets come into the possession of a receiver, trustee, or custodian; or the good faith determination by the Company that it deems itself insecure. If the Required Collateral is instituted or is adjusted as to either the amount, or the form or both, the revised Required Collateral shall be provided by the Supplier within 5 business days of notification by the Company. An "adverse material change" is any change in the Applicant's or Guarantor's financial or other condition that might reasonably affect the amount of credit extended to that Applicant or Guarantor or may impact the Applicant's or Guarantor's ability to perform on its obligations.
- (k) Within 5 business days of such change, the Supplier or Guarantor shall notify the Company of any adverse material change in its financial condition, ownership or corporate structure; a transfer, sale, or assignment of a material level of the Supplier's or Guarantor's assets; the Supplier or Guarantor files for a petition in bankruptcy; or the assets come into the possession of a receiver, trustee or custodian.
- (l) The Supplier may request reconsideration of its Required Collateral or reinstatement of a Guaranty when there has been a change in its customer enrollment level of more than 10 percent or a favorable material change in its or its Guarantor's financial condition. The Company will use its best efforts to complete its re-evaluation within 5 business days, but in no event beyond 30 calendar days from the receipt of the required supporting financial documents from the Supplier or the Guarantor.
- (m) Upon the Supplier's failure to satisfy the credit requirements and upon notification by the Company that the Supplier no longer satisfies the Company's credit criteria as detailed in this provision, the Supplier is subject to disqualification at the sole discretion of the Company. Such disqualification shall remain until such time as satisfactory evidence is provided by the Supplier that the Supplier again meets the Company's credit criteria by the Supplier providing collateral acceptable to the Company.
- (n) For Suppliers newly entering the Company's Gas Choice Programs, the amount of the Required Collateral will be initially set at a minimum of \$10,000 for the summer and \$50,000 for the winter for the secured Supplier and \$12,000 and \$60,000, respectively, for the Supplier providing a Guaranty. However, larger amounts may be required if the estimated risk exposure calculations warrant a larger amount.

Schedule DSG continued

3.54 Any unrecovered actual costs prudently incurred by the Company related to the Supplier's participation in the Supplier Gas Commodity Service programs will be recovered through Rider 7 – Gas Choice and Reliability Charges.

3.55 Upon a Supplier's exit from the Supplier Gas Commodity Service program and at such time as all amounts owed by the Supplier to the Company are determined, finalized and paid, the Company will release any unused collateral.

3.6 Liability Limits: In addition to the liability limitations specified in the Terms and Conditions, the Company is not liable for any loss, cost, damage or expense occasioned by an error in the calculation of the Daily Requirements. The Supplier shall warrant that, at the time of delivery of gas to the Company, it will have good title to deliver all gas volumes. The Company shall have no liability with respect to all gas delivered prior to its delivery to the Company's City Gate or after its re-delivery to the Customer.

3.7 Gas Quality Standards: The Supplier warrants that gas delivered to the Company's City Gate conforms to the quality standards stated in the transporting interstate gas pipeline's FERC approved Tariff.

3.8 Payment Terms: Bills are due and payable upon presentation. The final date for payment of the net amount shown on the bill is 10 days from the date of rendition of the bill. Failure to receive the bill does not excuse the Supplier from payment obligations and payments shall be made without regard to any counterclaim whatever. Bills remaining unpaid at the expiration of the net payment period shall be subject to a Late Payment Charge of 1.5% per month applied to any unpaid amount. Upon notification by the Company that the Supplier has failed to timely pay any undisputed portion of any bill rendered under this Schedule, the Supplier is subject to disqualification at the sole discretion of the Company.

3.9 Information Fee: The Supplier shall separately contract with the Company to access the Company's electronic bulletin board and shall be subject to the Monthly Information Fee of \$65. The Information Fee applies only to the first contract for electronic bulletin board access. In the event that the Supplier accesses the electronic bulletin board in connection with another gas program, a separate Monthly Information Fee is not required.

4. ADDITIONAL TERMS & CONDITIONS FOR DAILY REQUIREMENTS SERVICE

4.1 Daily Requirements Service Customer Enrollment: The Supplier shall provide BGE a list of Customers for Daily Requirements enrollment subject to the provisions of this Schedule. BGE may specify one or more means for the Supplier to communicate the list to BGE.

Schedule DSG continued

The Supplier is permitted to engage in telemarketing for the purpose of commencing the enrollment process, if the approach conforms to one of the following:

- 4.11 where the Supplier records a Customer’s electronic authorization by use of a toll free number used exclusively for that purpose; or
- 4.12 where the Supplier records a Customer’s verbal authorization together with appropriate verification data through a qualified and independent third-party; or
- 4.13 where the Supplier engages in some other form of telemarketing and sends the Customer, within three business days of the request, an information package containing: program and verification information, and a postcard which the Customer can use to cancel the service order. The Supplier must clearly state that if the Customer does not return the postcard within 14 business days of the mailing, the Supplier is authorized to initiate the change with the Company.
- 4.14 In no event does a verbal agreement obviate the Supplier’s obligation to obtain a written contract from the Customer.
- 4.15 Upon request by the Company, the Supplier presents documentation showing compliance with one of the three-telemarketing approaches.

4.2 Responsibility for Gas Delivery:

- (a) The Supplier shall deliver or arrange to have delivered the Company-specified Daily Requirement to the Company’s City Gate each day subject to the limitations in this Schedule and to the Company’s operational ability to accept the Daily Requirement at the delivery point specified by the Supplier.
- (b) The Supplier shall deliver the Daily Requirement to the Company’s City Gate each day unless failure to deliver is due to Force Majeure as defined in this Schedule. When the Customer initially selects Supplier Gas Commodity Service and upon request, the Company will make a portion of its interstate gas pipeline firm transportation capacity entitlements available to the Supplier as the Customer’s limited agent for capacity release purposes in accordance with the Pipeline Firm Transportation Capacity Assignment provisions of this Schedule.
- (c) If the Daily Metered Customer elects Non-Standby Service under Schedule C, the Supplier shall be responsible for delivering enough gas to the Company’s City Gate to meet the Customer’s full requirements.

4.3 Failure to Deliver the Daily Requirement as Required:

- (a) In the event that the Supplier has delivered either more or less gas to the City Gate than the Daily Requirement, in addition to the Failure to Deliver Gas provision of this Schedule, the following penalties will be applied to the excess or shortage of deliveries:
 - Over Delivery..... \$0.50 per therm (\$5.00 per Dth)
 - Under Delivery.....\$2.50 per therm (25.00 per Dth), plus 110% of the highest Transco Zone 6 (non-New York) price for the month.

Schedule DSG continued

- (b) Any penalties collected in excess of actual costs incurred will be credited to the Gas Choice and Reliability Charges (Rider 7).

4.4 Determination of the Daily Requirement: For customers served under Schedules D and C, the Supplier's Daily Requirement shall be determined each day by the Company based on the Customer's connected load and expected use of the equipment.

4.5 Parking and Balancing Service: The Company will operate a "paper pool" behind its City Gate to provide a Parking and Balancing Service for Suppliers serving Daily Requirements customers.

4.51 Definitions:

- (a) **Parking Service:** A service which provides for the receipt by the Company of gas quantities delivered by the Supplier to the Company's City Gate, the holding of the parked gas by the Company and the return of the parked gas upon nomination by the Supplier, provided that the Company is not obligated to return the parked gas on the same day the gas is parked.
- (b) **Balancing Service:** The Supplier's deliveries to the Company's City Gate are balanced with the actual unaccounted-for gas adjusted use of gas by the Daily Requirements customers served by the Supplier. Any accumulated net difference between the Supplier's deliveries and customers' actual use for the 12 months ended March of each year will be divided by 122 days to yield the adjustment applied to the Supplier's Daily Requirement for the upcoming four month period June through September. Any remaining amount due to rounding will be either added to or subtracted from the Suppliers' accumulated true-up for the next 12-month period ending March. If a Supplier ceases participation in the Daily Requirements Service, any accumulated net difference between the Supplier's deliveries and customers' actual use as of the last day of participation is an adjustment to the amount of gas parked by the Supplier. In the event a Supplier's accumulated net difference between the Supplier's deliveries and customers' actual use becomes large enough during the course of the 12 month period that, in BGE's judgment, it could adversely impact the Supplier's summer Daily Requirement, BGE will contact the Supplier to mutually arrange for an adjustment to the amount of gas parked by the Supplier.

4.52 Terms and Conditions

The Supplier shall pay the Company monthly a Reservation Charge and a Service Charge to recover the costs incurred by the Company to provide the Parking and Balancing Service. The Reservation Charge will be determined by applying a Reservation Price to the "maximum quantities of gas to be parked." The maximum quantities of gas to be parked are determined monthly based on the number of Daily Requirements customers served by the Supplier for the current month. Changes in the maximum quantities of gas to be parked as a result of the monthly re-determination will be purchased by either the Company or the Supplier at the weighted average cost of the Company's pipeline storage inventory. The Service Charge will be determined by applying a Service Activity Price to the Supplier's

Schedule DSG continued

monthly net parking and balancing activity. The details of the calculation of the Reservation and Service Activity Prices are filed monthly with the Public Service Commission.

4.53 Pool Limits and Penalties for Failure to Meet Requirements

- (a) The Supplier is required to make daily nominations of parked gas into and out of the pool within limits as specified by the Company. To maintain the integrity of the pool, the Supplier is responsible for maintaining monthly minimum and maximum amounts of gas within the pool as specified by the Company. Failure by the Supplier to meet the required targets will result in the following penalties applied to the over or under-target amounts:

Over-Target Amounts BGE will purchase the over-target amount at the lower of 80% of the Transco Zone 6 (non-New York) average daily price on the first day of the current month, or 80% of the Company's weighted average storage inventory cost.

Under-Target Amounts . . . Supplier will pay a penalty of 50 cents per therm (\$5.00 per Dth)

- (b) If a penalty or failure to meet the required targets is assessed to a Supplier twice within a 12 month period, the Supplier shall be subject to the disqualification provisions of Sec. 3.2 - Supplier's Responsibility to Cooperate with the Company of this Schedule. Any penalties collected in excess of actual costs will be credited to the Gas Choice and Reliability Charges (Rider 7). In the event that a monthly adjustment places the Supplier outside the required targets, a penalty will not be assessed.

4.6 Company Peak Shaving Allocation: The Company will retain ownership of all peak shaving assets. On days when conditions approach design criteria when the Company engages in peak shaving activities to support distribution system pressures, the Supplier will receive a pro rata share of the peak shaving output. The peak shaving allocation is the difference between the Company's estimate of the Supplier's load and the Supplier's Daily Requirement. This peak shaving allocation is charged to the Supplier at the weighted average cost of peak shaving.

4.7 Pipeline Firm Transportation Capacity Assignment:

- (a) The Company will make a portion of its interstate gas pipeline firm transportation capacity entitlements available to the Supplier as the Customer's limited agent for capacity assignment purposes provided the Customer received firm gas service or a standby service on or after November 1, 1994. The request for capacity assignment must be made at the time that the Customer initially selects Supplier Gas Commodity Service. Requests for capacity assignment must be made in aggregated Customers' requirements blocks of at least 500 dekatherms. The Company shall not be obligated to provide pipeline firm transportation capacity assignment beyond the year 2004.

Schedule DSG continued

- (b) The amount of capacity assigned for each Daily Requirements customer served by the Supplier is based on the average firm transportation capacity held per customer for Design Day.
- (c) The Company shall identify the interstate gas pipeline(s) on which firm transportation capacity may be assigned under this Schedule. Assignment of the Company's interstate gas pipeline firm transportation capacity entitlements will be made under the FERC's current Capacity Release Program as pre-arranged releases at the interstate gas pipeline's maximum rates and shall be for a term of 1 year.
- (d) An Adjustment shall be applied to the Supplier's bill equal to the difference between (1) the cost incurred by the Supplier for the assigned firm transportation capacity and (2) the Company's weighted average cost of pipeline firm transportation capacity times the amount of capacity assigned.
- (e) Recall Rights: The Company shall have immediate recall rights on all capacity assigned in the event of the Supplier's failure to deliver the Daily Requirement, failure to cooperate with the Company as required under this Schedule, or the Customer terminates Supplier Gas Commodity Service or transfers from one supplier to another.

4.8 Force Majeure for Failure to Deliver the Daily Requirement: Force Majeure, for purposes of this Schedule, shall be any sudden, unforeseeable event which causes a physical inability to transport gas to or receive gas at the designated point of delivery and which could not have been prevented or overcome by the reasonable efforts of the party claiming Force Majeure. In the event of Force Majeure, the Supplier shall give within 72 hours after the occurrence of Force Majeure written notice and full particulars of such Force Majeure including the extent, if any, to which the Supplier remains able to carry out its obligations and a good faith estimate of when the Supplier expects to recover its ability to fully perform.

4.9 Daily Balancing Fee: The supplier shall pay a Daily Balancing Fee equal to 0.05 cents per therm times the Daily Requirement expressed in therms. For each Daily Requirements customer with annual use of 15,000 therms or greater where the required working telephone line is not installed, the Daily Balancing Fee is increased to 1.01 cents per therm times the Customer's monthly use expressed in therms.

5. RIDERS APPLICABLE: This Schedule is subject to Riders applicable as listed below:

- 7. Gas Choice and Reliability Charges
- 11. Unaccounted-for Gas Factor

Attachment C

RIDER INDEX

1. Conservation Surcharge
2. Gas Commodity Price
3. Standby Service Price
4. Even Monthly Payment Plan
5. (Reserved for future use)
6. Supplementary and Similar Service
7. Gas Choice and Reliability Charges
8. Monthly Rate Adjustment
9. Demonstration and Trial Installations
10. Billing in Event of Service Interruption
11. Unaccounted - For Gas Factor
12. Gas Administrative Charge

Schedule	Riders Applicable
D	1, 2, 4, 7, 8, 10, 11, 12
C	2, 3, 4, 6, 7, 8, 9, 10, 11, 12
IS	3, 9, 11
AIS <u>ISS</u>	3, 9, 11
ISG	10, 11
PLG	2, 10, 11
GRANTORS	1, 2, 4, 7, 8, 10, 11, 12
DSG	7, 11

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