

APPENDIX B

GAS SUPPLIER TARIFF

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1.0: DEFINITIONS/EXPLANATION OF ABBREVIATIONS

AMR – an automated meter reading device suitable for daily interface between a Daily-Metered Customer and the Company's data collection and processing system.

Assignment of Contract – an assignment or transfer of a Customer contract from one Supplier to another.

Bankruptcy – includes, but is not limited to, the appointment of a receiver, liquidator or trustee of the Gas Supplier, or a decree by a court adjudging the Gas Supplier bankrupt or insolvent or sequestering any substantial part of its property, or a petition to declare bankruptcy or to reorganize the Gas Supplier.

BGEasy – bill payment option where the amount of the Customer's BGE bill, including Supplier charges, is automatically paid from the Customer's bank account on the due date of the bill.

BGE Gas Commodity Service – gas commodity provided by the Company to its customers who do not otherwise receive gas from a Gas Supplier. Also known as Standard Offer Service.

Bill Ready – a consolidated billing option where the Company receives the amount due for Supplier Gas Commodity Service directly from the Supplier and includes that amount on the Utility Consolidated Bill.

Billing Cycle – the period between the previous scheduled meter reading date and the current scheduled meter reading date.

Business Day – any day on which the Company's offices are open for business.

Calendar Month – also known as month.

Charge – any fee that is billable by the Company to the Gas Supplier under this Gas Supplier Tariff.

City Gate – the interconnection of the Company's Distribution System and an interstate gas pipeline or a renewable natural gas production facility as defined in Section 7 of Schedule RNG.

COMAR – the Code of Maryland Regulations of which Title 20 comprises the regulations of the Commission.

Commission – the Public Service Commission of Maryland or PSC.

Company – also known as Baltimore Gas and Electric Company or BGE.

Company's Distribution System – gas distribution facilities owned, operated and maintained by the Company or its agent.

Creditworthy – a Creditworthy Gas Supplier meets the Company's credit standards and pays the Company's billed Charges when due.

Curtailed of Natural Gas Supply – limitations to gas service by orders of Federal or State authorities establishing priorities of limitations to service by the Company, or limitations imposed by the Company in its best judgment, to maintain safe minimum delivery pressure. The Company may reduce or temporarily discontinue gas supply to Customers in accordance with the Natural Gas Curtailment Plan.

Customer – any person, partnership, association, corporation or governmental agency or other entity or its duly authorized representative receiving Supplier Gas Commodity Service or BGE Gas Commodity Service.

Daily-Metered Customer – any Supplier Gas Commodity Service Customer served under Schedule C of the Gas Service Tariff 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 ISS of the Gas Service Tariff.

Daily Requirement - for Supplier Gas Commodity Service Customers served under Schedule D and non Daily-Metered Customers served under Schedule C of the Gas Service Tariff, 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 of the Gas Service Tariff.

Daily Requirement Service (DRS) Customer – any Supplier Gas Commodity Service Customer served under Schedule D and any commercial or industrial customer served under Schedule C that does not have an AMR device installed.

Drop – the process of discontinuing a Supplier’s responsibility for providing gas commodity to a customer.

Dual Billing – The Separate (Dual) Billing option is where the Company and Gas Supplier render separate bills to the Customer.

FERC - Federal Energy Regulatory Commission

Gas Supplier or Supplier – a supplier of natural gas that has been certified or licensed by the Commission to sell natural gas to retail Customers within the State of Maryland. For the purpose of this Gas Supplier Tariff, the Company is not a Gas Supplier in the provision of BGE Gas Commodity Service. Natural gas may include renewable natural gas.

Gas Supplier Representative – any officer, director, employee, consultant, contractor, or other agent or representative of the Gas Supplier who has the authority to bind Gas Supplier.

Full Requirements Service – a provision that requires that a Gas Supplier be the sole source of gas supply supporting 100% of its Customers’ purchased supply needs.

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

Meter Read Date – the date on which the Company reads or estimates a meter for purposes of producing a Customer bill in accordance with the regularly scheduled billing cycles of the Company.

Natural Gas Curtailment Plan – the Company’s Plan specifying the hierarchy of gas service and use during extraordinary conditions. In the event of a curtailment of gas supply, the Company will implement limitations to service in accordance with Appendix A - Natural Gas Curtailment Plan of the Gas Service Tariff.

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 of the Gas Service Tariff.

Rate Ready – a consolidated billing option where the Supplier provides rate information to the Company sufficient to calculate the Supplier's charges. The Company calculates the Supplier charges and includes that amount on the Utility Consolidated Bill.

Renewable Natural Gas (RNG) – See Section 7 of Schedule RNG.

Required Collateral – letter of credit, surety bond, or guaranty necessary to satisfy undisputed costs incurred by the Company related to the Gas Supplier's provision of competitive gas supply.

Service Territory – the geographic areas of the State of Maryland in which the Company has a gas distribution franchise to serve gas customers. Also known as Service Area.

Standard Metering Services – the capture by metering equipment of the minimum billing components required by the prevailing retail service tariff that is read or estimated on scheduled meter reading dates in order to enable a Customer's bill to be created in accordance with the regularly scheduled billing cycle.

Supplier Gas Commodity Service – includes unbundled gas, pipeline capacity, and required ancillary services provided by a Gas Supplier to Customers; except that Supplier Gas Commodity Service does not include gas, pipeline capacity, or ancillary services provided to Customers by the Company in the provision of BGE Gas Commodity Service.

Utility Consolidated Bill – The Company's gas consolidated billing option where the Company renders a single consolidated bill with Customer charges for both the Company and the Gas Supplier separately stated.

Uniform Electronic Transaction (UET) – A standardized data protocol or electronic transmission that has been accepted by the Commission for use in Maryland

2.0: GENERAL TERMS AND CONDITIONS

2.1 Scope and Purpose. This Gas Supplier Tariff sets forth the requirements for interaction between the Company as the local distribution company ("Company") and each Gas Supplier necessary for ensuring the provision of Supplier Gas Commodity Service. The Gas Supplier Tariff is supplementary to the Company's Gas Service Tariff, COMAR, and any orders and directives of the Commission.

2.2 Gas Supplier's Responsibilities to Customers. The Gas Supplier shall be solely responsible for having all necessary and appropriate contractual or other arrangements with its Customers, consistent with Commission rules and regulations and with this Gas Supplier Tariff. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

2.3 Tariff to Govern. This Gas Supplier Tariff and any related executed agreements set forth the requirements for business interactions between the Company and Gas Suppliers necessary for ensuring the provision of Supplier Gas Commodity Service from Gas Suppliers to their Customers through the Company's Distribution System.

2.4 Recourse to the Commission. Nothing in this Gas Supplier Tariff shall restrict the rights of any party to file a complaint with the Commission.

- 2.5 Gas Supplier Obligations.** Unless otherwise indicated, a Gas Supplier will be required to:
- a) Obtain a license and any other necessary approvals from the Commission and any other appropriate Maryland State agencies and local governments for participation in the Maryland retail energy market;
 - b) Execute a written contract with a Customer served under one of the Company's rate schedules to deliver gas to the Company's City Gate;
 - c) Submit an Application to the Company to provide service to customers under this Gas Supplier Tariff;
 - d) Agree to abide by the provisions of COMAR 20.59 Competitive Gas Supply and other applicable Commission directives and Orders;
 - e) Satisfy the Company's credit requirements;
 - f) Demonstrate, prior to Customer enrollment, that it is equipped with the communication capabilities necessary to comply with the Uniform Electronic Transactions protocols testing requirements
 - g) Or, is a Daily-Metered Customer electing to act as its own gas supplier.
 - h) Provide the Company notification regarding door-to-door activity no later than the morning of the day the sales and marketing activities begin. The notification shall include the Supplier's name, the beginning and ending date(s) of marketing activities, and zip code(s).

2.6 Gas Supplier and Company Obligations. The Company shall provide Gas Suppliers with services as necessary for the delivery of gas to serve Customers located within the Company's Service Territory. The Gas Supplier shall be responsible for delivering enough gas to the city gate to meet the Daily Requirement of a DRS Customer and the full requirements of a Daily Metered Customer. The Company and Gas Supplier will cooperate in order to ensure delivery of gas to Customers. The Gas Supplier and the Company shall exchange all data, materials, or other information that is specified in this Gas Supplier Tariff in accordance with Commission standards, and that may otherwise be reasonably required by the Gas Supplier or the Company in connection with their obligations under this Gas Supplier Tariff, subject to the confidentiality provisions in Section 11 of this Gas Supplier Tariff.

2.7 Supplier's Responsibility to Cooperate with the Company. The provisions of all Schedules in the Gas Service Tariff and of this Gas Supplier Tariff 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 under Rider 2 of the Gas Service Tariff, 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.

2.8 Gas Quality Standard. 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 or in Schedule RNG.

2.9 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.

2.10 Adjustments to City Gate Deliveries. Any adjustment to the amount of gas delivered by a Supplier to the City Gate will be reconciled by adjusting that Supplier's future City Gate deliveries. If, in BGE's judgment, a volumetric adjustment cannot be completed over a reasonable period of time then the Company will make a financial adjustment with the Supplier. The financial adjustment will be priced at the City Gate Index as described in Paragraph A.1 of Rider 2 of the Company's Gas Service Tariff. The City Gate Index will be applied to the adjustment volumes based on the month(s) in which the initial variance occurred.

2.11 Selective Grouping. In accordance with Schedules C, IS and ISS of the Gas Service Tariff, Daily Metered Customers may join other customers in forming a Group for Balancing purposes only. The Supplier/Group Administrator shall contract with the Company and shall be responsible for payment of all Imbalances Prices and penalties.

2.12 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 Gas Supplier Tariff. 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 Gas Supplier Tariff. 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 Staff 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.

2.13 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 (commencing 10:00 a.m. of the same calendar day). 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. Any penalties collected from Suppliers for non-compliance with an Operational Flow Order will be applied as a credit to the Gas Commodity Price, as determined under Rider 2 of the Gas Service Tariff.

2.14 Natural Gas Curtailment. The Company shall have the right to interrupt service to or reduce the Gas Supplier's supply of natural gas and the right to curtail or interrupt the Gas Supplier's Customers when orders of Federal or State authorities establishing priorities of or limitations to service or if the Company is unable to maintain safe minimum delivery pressure on part or all of its distribution system. The Company will implement limitations to service in accordance with Appendix A – Natural Gas Curtailment Plan of the Gas Service Tariff. Any other provisions of this Gas Supplier Tariff that may seem to contradict this right shall be subordinated to this right. All provisions of the Natural Gas Curtailment Plan are applicable to Gas Suppliers.

2.15 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.

2.16 Communications and Data Exchange. The Company and the Gas Supplier shall employ the electronic transaction protocol utilized by BGE.

2.17 Record Retention. The Gas Supplier and the Company shall comply with all applicable laws, rules, and regulations for record retention, as they are and may, from time to time, be modified, including, but not limited to, those issued by the Commission and FERC.

2.18 Liability Limits. In addition to the liability limitations specified, 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.

2.19 Customer List. The Company will provide licensed suppliers with a residential customer list on an annual basis at a cost of \$715. Customers will be notified annually, with their August bill and on the Company website, of BGE's intent to distribute the list to suppliers, and will be given the opportunity to request that their information not be disclosed. The list will include the following data elements:

- a) Account Name
- b) Billing Address
- c) Service Address
- d) Use Type (Gas, Electric, Combined)

3.0: ADDITIONAL TERMS AND CONDITIONS FOR DAILY REQUIREMENTS SERVICE

3.1 Responsibility for Gas Delivery. The Gas 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 Gas Supplier Tariff and to the Company's operational ability to accept the Daily Requirement at the delivery point specified by the Supplier.

- a) 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 Gas Supplier Tariff. 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 provisions of Section 3.6 of this Gas Supplier Tariff.

3.2 Determination of the Daily Requirement. For Daily Requirement Service customers served under Schedules D and C of the Gas Service Tariff, 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.

3.3 Failure to Deliver the Daily Requirement as Required. 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 Gas Supplier Tariff, the following penalties will be applied to the excess or shortage of deliveries. Any penalties collected in excess of actual costs incurred will be credited to the Gas Choice and Reliability Charges under Rider 7 of the Gas Service Tariff.

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

3.4 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 DRS customers.

3.4.1 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.

3.4.2 Balancing Service. The Supplier’s deliveries to the Company’s City Gate are balanced with the use of gas by the DRS customers served by the Supplier, adjusted by the Unaccounted-For Gas Factor as calculated under Rider 11 of the Gas Service Tariff. Any accumulated net difference between the Supplier’s deliveries and customers’ actual use will result in an adjustment applied to the Suppliers Daily Requirement for the upcoming Gas Day. If, in BGE’s judgment, the accumulated net difference cannot be applied entirely to the upcoming Gas Day, any amount not applied to the upcoming Gas Day will be applied to a future Gas Day as part of that day’s Supplier Daily Requirement, subject to the provisions of Paragraph 2.10. 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.

Any accumulated net difference between the Supplier’s deliveries and customer’s actual usage April 1, 2014 through September 30, 2014 will be divided by 122 days to yield the adjustment applied to the Supplier’s Daily Requirement for the four month period June 2015 through September 2015. Any remaining amount will be either added or subtracted from the Suppliers’ accumulated true-up as of October 1, 2015.

3.4.3 Reservation and Service Charges. 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 DRS 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 monthly net parking and balancing activity.

3.4.4 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	Winter season (November –March) – No penalty and withdrawals are suspended. Summer season (April – October) Supplier will pay a penalty of 50 cents per therm (\$5.00 per Dth) and be required to deliver gas to make up the Under-Target Amounts.

- (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 Section 2.7 of this Gas Supplier Tariff. Any penalties collected in excess of actual costs will be credited to the Gas Choice and Reliability Charges as determined under Rider 7 of the Gas Service Tariff. In the event that a monthly adjustment places the Supplier outside the required targets, a penalty will not be assessed.

3.5 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.

3.6 Pipeline Firm Transportation Capacity Assignment.

3.6.1 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.

3.6.2 The amount of capacity assigned for each DRS customer served by the Supplier is based on the average firm transportation capacity held per customer for Design Day.

3.6.3 The Company shall identify the interstate gas pipeline(s) on which firm transportation capacity may be assigned under this Gas Supplier Tariff. 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.

3.6.4 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.

3.6.5 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 Gas Supplier Tariff, or the Customer terminates Supplier Gas Commodity Service or transfers from one supplier to another.

3.7 **Force Majeure for Failure to Deliver the Daily Requirement.** Force Majeure, for purposes of this Gas Supplier Tariff, 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.

3.8 **Daily Balancing Fee.** The Supplier shall pay a Daily Balancing Fee equal to 0.05 cents per therm times the Monthly Usage expressed in therms. For each DRS 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.

3.9 **Unrecovered Actual Costs.** 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 the Gas Choice and Reliability Charges as determined under Rider 7 of the Gas Service Tariff.

4.0: COMMENCEMENT AND TERMINATION OF GAS SUPPLY SERVICES

4.1 **Application Process to Company.** A Gas Supplier seeking to sell gas in the Company's Service Territory must deliver a completed Gas Supplier Application Package ("Package") to the Company as directed on the Package.

4.1.1 **Completed Package.** A completed Package for services under this Gas Supplier Tariff consists of the following.

- a) A completed Registration Form fully executed by a Gas Supplier Representative;
- b) A completed BGE Credit Application Form fully executed by a Gas Supplier Representative; and
- c) Proof that the Gas Supplier has obtained a license from the Commission and any other governmental approvals required for participation in customer choice in Maryland.

4.1.2 **Notice of Incomplete Package.** In the event a Gas Supplier submits an incomplete Package, the Company will provide written notice to the Gas Supplier of the Package's deficiency within 10 Business Days of the date of final submission of the Package. A Package shall not be processed until it is completed and Delivered to the Company.

4.1.3 Review of a Completed Package. Following receipt of a completed Package, the Company shall review the Package and conduct a credit review. The Company shall conduct its review and notify the Gas Supplier of acceptance or rejection within 30 calendar days of receipt of the completed Package, or within a timeframe mutually agreed to by the Company and Gas Supplier. For approved applications, the Company shall execute the necessary agreements and return executed copies to the Gas Supplier. Upon rejection of any application, the Company shall provide the Gas Supplier with written or electronic notice of rejection and shall state the basis for the rejection. When the basis for the rejection is for credit reasons, a copy of the notice shall be provided to the Commission.

4.1.4 Grounds for Rejecting a Package. The Company may reject any Package under this Tariff on any of the following grounds:

- a) A Gas Supplier or an affiliate thereof has undisputed outstanding debts to the Company arising from its previous receipt of services from the Company under this Gas Supplier Tariff;
- b) The Gas Supplier has failed to satisfy the Company's credit requirements; or
- c) The Gas Supplier has failed to Deliver to the Company a completed Package within 30 calendar days of written notice of the Package's deficiency.

4.1.5 Conditional Acceptance of Package. Where grounds for rejection of an Application Package exist due to outstanding and undisputed debts owed to the Company by a Gas Supplier or an affiliate thereof, the Company may offer the Gas Supplier a conditional acceptance if the Gas Supplier pays such debts within 30 days of written notice of the Package's deficiency. If the Gas Supplier rejects the Company's offer of conditional acceptance under this Section, then its Application Package for Gas Supply Services will be deemed rejected.

4.2 Notice of Gas Supplier Discontinuance to the Company. The Gas Supplier shall provide to the Company the same notice of discontinuance or cessation of business that the Gas Supplier is required to provide the Commission pursuant to Commission regulations and procedures.

4.3 Survival of Obligations. Termination of Supplier Gas Commodity Service for any reason shall not relieve either the Company or the Gas Supplier of any obligation accrued or accruing prior to the termination.

5.0: CREDITWORTHINESS

5.1 General Provisions

5.1.1 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 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 Gas Supplier Tariff. 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.

5.1.2 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

5.1.3 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.

5.1.4 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.

5.1.5 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 Gas Supplier Tariff. 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 Gas Supplier.

5.1.6 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 Section 5.2 of this Gas Supplier Tariff.

5.1.7 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.

5.2 Risk Exposure

5.2.1 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 Rate Schedules of the Gas Service Tariff, the Company is under no obligation to supply gas commodity to Daily-Metered Customers, except for those electing Non-Standby Service. 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 Rate Schedules of the Gas Service Tariff. 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.

- a) 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.
 1. 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.
 2. 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 at least six calendar days prior to October 1 and March 1, respectively. The price will be re-evaluated each year for the respective winter and summer periods.
 3. 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.

- b) The second step reflects the remainder of the month for which gas must be purchased at mid-month levels.
 - 1. 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 Section 5.2.1 of this Gas Supplier Tariff.
 - 2. 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.
 - 3. The number of days at risk is 25 calendar days.
- c) If, however, the highest monthly average Transco Zone 6 (Non-New York) price during the preceding 3 winter or the preceding 3 summer periods, as applicable, is an anomaly, the Company may seek a waiver from the Commission to utilize a different price risk component in the calculation of the Supplier risk exposure.

5.2.2 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.

5.3 Collateral Requirement

- 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 Required Collateral must be for an amount equal or greater than the sum of the amounts calculated pursuant to Section 5.2 of this Gas Supplier Tariff.
- 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.
- 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 upon a credit review by the Company is approved 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 upon a credit review by the Company is 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.
- f) 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. However, subject to the foregoing restriction, the Required Collateral may be reduced by one or both of the following offsets:
1. The estimated amount of payment to be made by the Company to the Supplier during January and April, respectively, under the Utility Consolidated Billing Program will be applied as an offset to the Required Collateral. In the event the Company is required to call upon the Collateral, the Company will not submit payment to the Supplier, retaining the amounts to offset costs incurred. The "estimated amount of payment" will be determined from the average monthly payment amount from the prior winter or summer period adjusted by the percentage change in the number of customers served by the Supplier.

2. Subject to the Supplier providing the Company with an assurance acceptable to the Company that the Parking and Balancing Service Pool inventory gas has not and will not be either pledged as collateral or assigned to a third party, the Required Collateral may be reduced by 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.
 - 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 at least 6 calendar days prior to November 1 and April 1 respectively, the Supplier will be disqualified.
 - 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 Supplier Gas Commodity Service program, 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.

5.4 No Endorsement of Gas Supplier. By determining that the Gas Supplier is Creditworthy under this Gas Supplier Tariff, the Company makes no express or implied warranties or guarantees of any kind with respect to the financial or operational qualifications of such Gas Supplier.

6.0: NONCOMPLIANCE AND DEFAULT

6.1 Definition of Noncompliance. The Company or the Gas Supplier shall be deemed to be in noncompliance of this Gas Supplier Tariff upon its failure to observe any material term or condition of this Tariff.

6.2 Events of Noncompliance. Noncompliance of this Gas Supplier Tariff shall include, but is not limited to, the following.

- a) Failure of Gas Supplier to maintain credit standards noted in the Creditworthiness Section of this Gas Supplier Tariff;
- b) Gas Supplier's failure to make payment of any Undisputed Charges for Gas Supplier services in the time prescribed;
- c) Gas Supplier Bankruptcy; or
- d) A written admission by the Gas Supplier of its inability to pay its debts generally as they become due or the Gas Supplier's consent to the appointment of a receiver, trustee, or liquidator of it, or of all or any part of its property.

6.3 Supplier Default. In addition to the provisions of Section 2.11 of this Gas Supplier Tariff, Gas Supplier is considered a defaulted supplier if it is unable to deliver gas because the Commission revokes or suspends the Gas Supplier's retail gas license.

6.4 Cure and Default. If either the Company or the Gas Supplier fails to comply with its obligations under this Gas Supplier Tariff (hereinafter the "Noncompliant Party"), the other party shall provide written notice to the Noncompliant Party describing such noncompliance in reasonable detail and demanding its cure. The Noncompliant Party shall be deemed to be in default ("Default") of its obligations under this Gas Supplier Tariff if: (i) it fails to cure its noncompliance within 10 Business Days after its receipt of such notice unless noncompliance is subject to Section 2.11 of this Gas Supplier Tariff; or (ii) the noncompliance cannot be cured within such period and the Noncompliant Party does not commence action to cure the noncompliance within such period and, thereafter, diligently pursue such action to completion. In the case of the Gas Supplier's failure to maintain its status as a Commission-licensed Gas Supplier or the Gas Supplier's Bankruptcy, no notice shall be required or opportunity to cure permitted.

7.0: CUSTOMER ENROLLMENT AND INFORMATION PROCESS FLOW

7.1 Pre-enrollment Information. For Gas Suppliers participating in the DRS Program, prior to requesting pre-enrollment Customer information from the Company, a Gas Supplier shall notify the Customer of its intention to initiate such a request and obtain the Customer's consent for release of such information. The Gas Supplier notice shall specify the customer information to be requested from the Company as listed in Section 7.1.2 of this Gas Supplier Tariff. The Gas Supplier is required to maintain a record of a Customer's consent for a period of not less than 180 days from its expiration, subject to audit by the Commission.

7.1.1 Manner of Request. Registered Gas Suppliers are required to request pre-enrollment information from the Company utilizing the Uniform Electronic Transactions protocol.

7.1.2 Customer Information. Company responses to Supplier requests for Customer information will include the following information:

- i. Account Name;
- ii. Billing Address;
- iii. Utility Account number;
- iv. Bill Cycle;
- v. Utility rate class or code; and
- vi. Monthly historical consumption for the previous 12 months.

7.2 Procedure to Formalize Selection of Gas Supplier. In order to initiate Supplier Gas Commodity Service, the Gas Supplier will obtain appropriate authorization, including that required by Section 11.1 of this Gas Supplier Tariff, from the Customer, or from the person authorized to act on the Customer's behalf, indicating the Customer's choice of the Gas Supplier in accordance with the rules and regulations of the Commission. The Gas Supplier must notify its Customers that by signing up for Supplier Gas Commodity Service with the Gas Supplier, the Customer is consenting to the disclosure by the Company to the Gas Supplier of certain basic information about the Customer. At a minimum, the notice shall inform the Customer that the following information will be disclosed: the Customer's Company account number, data about meter readings, rate class and usage, the Customer's name, and address(es), or as otherwise may be consistent with Commission rulings.

7.2.1 Authorization Record. It is the Gas Supplier's responsibility to maintain records of the Customer's authorization in the event of a dispute, in order to provide documented evidence of authorization to the Company or the Commission. The authorization shall include the Customer's acknowledgement that the Customer has received the notice as described in Section 7.1 of this Gas Supplier Tariff and has provided the written consent required by COMAR.

7.2.2 Enrollment by a Gas Supplier. The Gas Supplier shall provide an electronic file to the Company, containing information in accordance with this Gas Supplier Tariff or the procedures established by the Commission. Upon receipt of the electronic file from the Gas Supplier, the Company will confirm receipt of the file. Within one Business Day of receipt of the electronic file the Company will validate the records contained in the file, and will provide an electronic validation, including the reason for any rejections (e.g., invalid account number), and any information the Gas Supplier can use to identify rejected records

7.2.3 Enrollment Processing by the Company. The Company will process enrollment transactions in accordance with this Gas Supplier Tariff and applicable Commission rules and regulations. For the enrollment of DRS customers, the first enrollment transaction received will be effective on the first day of the next month. However, enrollment transactions received less than seven calendar days prior to the end of the current month shall take effect on the first day of the next subsequent month. All electronic transactions associated with enrollment processing must be performed in accordance with this Gas Supplier Tariff and the Uniform Electronic Transactions protocol.

7.2.4 Notification of Enrollment. When a Gas Supplier enrolls a DRS customer, the Company and the Supplier will provide written notice of enrollment to the Customer entering into a service agreement with the Supplier. For non-residential customers, this notification will occur within one Business Day after the Supplier receives the Company's enrollment response.

7.3 Change of Gas Supplier. If a Customer elects a new Gas Supplier and the new Gas Supplier agrees to serve the Customer, the Customer's new Gas Supplier shall obtain appropriate authorization from the Customer or person authorized to act on the Customer's behalf, indicating the Customer's choice of Gas Supplier, and shall thereupon follow the same procedures for enrollment of that Customer as for the initial Gas Supplier. Once the process is complete, the Company will notify the Customer's prior Gas Supplier that the Customer has elected to terminate service from that Gas Supplier.

7.4 Gas Supplier Drop Processing by the Company. The Company will process drop transactions in accordance with this Gas Supplier Tariff and applicable Commission rules and regulations. For DRS customers, the first drop transaction received will be effective on the first day of the next month. However, drop transactions received less than seven calendar days before the end of the current month shall take effect on the first day of the next subsequent month. The Company will assign a Customer who has been dropped by a supplier and not enrolled by a supplier to BGE Gas Commodity Service.

7.5 Assignment of Contract. At least 30 days prior to the effective date of any assignment or transfer of a Customer's contract from one Supplier to another, the Suppliers shall jointly provide written notice to the Customers of the Supplier, the Commission, the Company, and the Office of People's Counsel of the assignment or transfer.

In addition, the Supplier receiving the transferred Customers must also contact the Company to coordinate the transfer of the Customers' contract and submit a valid enrollment for each Customer. The Company will not render a notice of enrollment to customers.

7.6 Customer Cancellation Request. On request of a Customer to cancel supply service with the Supplier, a Supplier shall process the Customer's Drop Request for gas service within two Business Days after receipt of the Drop Request.

7.6.1 Customer Cancellation. For DRS customers, after the third business day following a Customer request for a Gas Supplier to cancel supply service, the Customer may contact the Company to verify that the cancellation request submitted by the Gas Supplier has been processed by the Company. If a Customer's cancellation request has not been processed by the Company, and the Customer requests cancellation of Supplier Gas Commodity Service, the Company shall process the cancellation and return the Customer to BGE Gas Commodity Service. If the request is made at least seven calendar days before the end of the current month it will be effective on the first day of the next month. A request less than seven calendar days before the end of the current month shall take effect on the first day of the next subsequent month.

7.7 Customer Designation to Control. The Gas Supplier acknowledges and agrees that the Company will give effect to all Customer requests to change to a new Gas Supplier, or return to the Company's BGE Gas Commodity Service, and consequently the first Customer designation of a Gas Supplier, for which the procedures under Section 7.3 of this Gas Supplier Tariff have been completed, will be given effect by the Company. Except as otherwise provided in this Tariff, the Company shall remove a Customer from Supplier Gas Commodity Service only if directed by the Supplier, subject to applicable bankruptcy law.

7.8 Customer Termination of Service at Existing Account. If a Customer contacts the Company to discontinue gas service, the Company will notify the current Gas Supplier of the Customer's discontinuance of service for the account at the Customer's location. When a Customer changes residence within the Company's Gas Service Territory, the Customer may elect to continue to receive Supplier Gas Commodity Service provided that the new residence has gas service and the arrangement between the Customer and the Supplier permits.

7.9 Supplier Discontinuance of Service. When initiating the discontinuance of Supplier Gas Commodity Service to Customers, the Gas Supplier must comply with the notification requirement of the Maryland Public Service Commission and submit a valid 'drop' transaction to the Company at least seven calendar days before the end of the current month for the discontinuance of service to be effective on the first day of the next month.

7.10 Effective Date of Discontinuance. Any discontinuance of Supplier Gas Commodity Service, except those under Section 7.7 of this Gas Supplier Tariff will take effect on the first of the month and in accordance with the provisions of this Gas Supplier Tariff.

7.11 Account Number Change. If the Company elects for valid business purposes only to change the account number for a Customer receiving Supplier Gas Commodity Service, the Company will notify the Gas Supplier of the change in account number at the same Customer location using the Uniform Electronic Transactions protocol.

7.12 Full Requirements Service Provision. The Gas Supplier shall agree to supply Full Requirements Service for each of its Customers at each Customer account enrolled. Partial requirements or split load service will not be supported.

7.12.1 Proration of First Month's Gas Deliveries. The Gas Supplier's obligation to deliver each Customer's Full Requirements Service begins on the first day of the month that the Customer is enrolled with the Supplier. The Company will prorate each Customer's use so that the gas delivered between the prior meter reading date and the last day of the prior month is supplied under BGE Gas Commodity Service, or by the prior Gas Supplier, and the gas deliveries between the first day of the month and the next meter reading date is supplied by the new Gas Supplier.

8.0: GAS SUPPLIER BILLING AND PAYMENT TO THE COMPANY.

8.1 Gas Supplier Payment of Obligations to the Company. The Gas Supplier shall pay for all services provided by the Company and any other charge it incurs hereunder, in accordance with the following provisions.

8.1.1 Billing Procedure. Each month, the Company shall submit an invoice to the Gas Supplier for all services provided to the Supplier. The invoice may be transmitted to the Gas Supplier by any reasonable method as agreed to between the Gas Supplier and the Company.

8.1.2 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 Gas Supplier Tariff, the Supplier is subject to disqualification at the sole discretion of the Company.

8.1.3 Billing Corrections and Estimated Billings. Notwithstanding anything stated herein, bills shall be subject to adjustment for any errors in arithmetic, computation, meter readings, or other errors, from the date of such original monthly billing.

8.1.4 Manner of Payment. The Gas Supplier shall make payments of funds payable to the Company by electronic payment to a bank designated by the Company. If disputes arise regarding the Gas Supplier's bill, the Gas Supplier must pay the undisputed portion of disputed bills under investigation by the due date shown on the bill.

8.1.5 Net Billing between the Company and Gas Supplier. The parties agree that the Company may, as part of the routine billing and payment process between the Company and Gas Supplier, "net" or offset any and all amounts that may be due and owed by the Gas Supplier to the Company against any and all amounts that may be due and owed by the Company to the Gas Supplier, as a result of the Company's remittance of the Gas Supplier's portion of the Customer's bill pursuant to Section 8.1 of this Gas Supplier Tariff, prior to rendering payment or an invoice to the Gas Supplier.

8.1.6 Billing Disputes. In the event the Gas Supplier fails to make payment on or before the due date because of a billing dispute between the Company and the Gas Supplier, the Company will continue to provide services to the Gas Supplier as long as the Gas Supplier (1) continues to make all payments not in dispute, and (2) pays into an escrow account the portion of the invoice in dispute, pending resolution of the dispute. If the dispute cannot be resolved, the Company may, at its election, stop processing new Customer enrollments for the Gas Supplier and retain the amount in escrow (including interest). The Company shall notify the Gas Supplier in writing of its intent to do so. The Gas Supplier may, within 30 days, file a complaint with the Commission, in which case the Company will continue to provide Services, including enrollment, and the Gas Supplier will continue to make payments into the escrow account until final disposition of the complaint.

8.2 Billing for Gas Supplier's Obligations to Other Parties. The Company will assume no responsibility for invoicing or billing of services between the Gas Supplier and any energy source, Intrastate Pipeline, etc.

9.0: RETAIL CUSTOMER BILLING AND PAYMENT COLLECTION

9.1 Billing Services Availability, Selection and Change: The Gas Supplier shall notify the Company of its choice of billing service option when notifying the Company of the Customer's enrollment.

9.1.1 Billing Service Options. The customer has the option to elect either Utility Consolidated Billing or Separate (Dual) Company/Gas Supplier Billing.

- a) Dual Company/Gas Supplier Billing – available to Daily Metered and DRS customers (see 9.3)
- b) Utility Consolidated Billing - Bill Ready Option – available only to DRS Customers (See 9.4.1)
- c) Utility Consolidated Billing – Rate Ready Option – available only to DRS Customers (See 9.4.2)

9.1.2 Notification of Billing Option Change. If the Gas Supplier changes any of the billing options as described in section 9.1.1 for a DRS Customer after initial enrollment, the Gas Supplier must notify the Company of the change at least seven calendar days before the end of the current month. If the Gas Supplier fails to notify the Company at least seven calendar days before the end of the current month, the billing option change will take effect on the first day of the next subsequent month.

9.1.3 Change of Billing Options Offered. A Gas Supplier who adds or deletes a billing option that it offered when Supplier Gas Commodity Service is initiated pursuant to this Gas Supplier Tariff shall provide 60 calendar-days notice prior to implementing the addition/deletion to its affected Customers.

9.2 Meter Reading Information. The Company will read the Customers' meters in accordance with its customary practices.

9.2.1 Estimated Meter Read. In the event an actual meter reading cannot be obtained, the Company shall estimate the Customer's consumption for billing purposes for the applicable period in accordance with Commission approved procedures.

9.2.2 Meter Read Data. The Company will normally provide the Gas Supplier with actual or estimated meter read data within 3 days of the Meter Read Date.

9.3 Separate (Dual) Billing. If the Supplier uses Dual Billing, the Company and the Gas Supplier will separately send their bills directly to the Customer. The Company will render its bills consistent with its standard billing practices.

9.3.1 Customer Billing Complaints. The Company shall process all complaints and customer services regarding the bill rendered by the Company in accordance with applicable regulations and performance specifications. The Gas Supplier shall process all complaints and customer services regarding the bill rendered by the Gas Supplier in accordance with applicable regulations and performance specifications.

9.4 Utility Consolidated Billing. The Company shall render a single consolidated bill with Customer charges for both the Company and the Gas Supplier separately stated. A monthly billing charge will be applied to each Gas Supplier for each month that the Company renders bills on a consolidated basis to Customers of that Gas Supplier.

9.4.1 Billing Format – Bill Ready. If the Supplier chooses to have the Company render a Bill Ready consolidated bill, the Supplier must transmit its billing information to the Company in a Bill Ready format in accordance with the Company’s billing practices and BGE’s electronic transactions protocol.

- a) The Supplier must calculate and send its Customers’ charges to the Company within 3 Business Days of receipt of the meter read data. If the Gas Supplier fails to transmit its Customers’ information to the Company in the required timeframe, the Company will not render a consolidated bill, for those charges for that month. Those charges will be included on future bill, after the electronic transaction is received.
- b) The Company will not be liable for the Gas Supplier’s charges or losses, damages or consequential damages associated with the Gas Supplier’s Customers not being billed for the Gas Supplier’s charges for that period.
- c) The Gas Supplier is responsible for the bill content transmitted to the Company.
- d) The Company will provide the Gas Supplier up to four lines, each 80 characters in length, on its standard bill for messages directly related to the calculation or understanding of the Supplier’s portion of the bill.

9.4.2 Billing Format – Rate Ready. If the Supplier chooses to have the Company render a Rate Ready consolidated bill, the Supplier must transmit its commodity rate for each customer to the Company in accordance with the billing practices and the Uniform Electronic Transactions protocol.

- a) Upon enrollment, the Supplier must provide the Company each Customer’s gas commodity rate.
- b) The Company will use that rate to calculate the Customer’s Supplier Gas Commodity Service charge, based on the Customer’s monthly usage and include that charge on the Customer’s consolidated bill until the gas commodity rate is changed by the Supplier.
- c) All changes to the Customer’s gas commodity rate become effective on the first day of the month. The Supplier must provide the Company any changes to a Customer’s gas commodity rate by the monthly Unified Gas Billing Rates Deadline as posted and distributed annually at the beginning of year by the Company to be included in that month’s bill calculation. If the Gas Supplier fails to transmit its Customers’ revised gas commodity rate to the Company in the required timeframe, the Company will calculate the Customers Supplier Gas Commodity Service charge based on the gas commodity rate previously provided.
- d) The Company will not be liable for the Gas Supplier’s charges or losses, damages or consequential damages associated with the Gas Supplier’s Customers being billed using a prior month’s rate or not being billed for the Gas Supplier’s charges if a rate has not been provided by the UGB Rates Deadline.

9.4.3 Purchase of Gas Supplier Receivables. When a Gas Supplier uses Utility Consolidated Billing, the Company will purchase the Gas Supplier's receivables pursuant to Commission rules and regulations and any other provisions of this Gas Supplier Tariff.

- a) All gas charges resulting from the Supplier provision of Supplier Gas Commodity Service for Customers billed using Utility Consolidated Billing will be purchased. The Company will not purchase receivables for non-commodity charges or Early Termination Fees.
- b) In the event a Gas Supplier converts an entire Rate Schedule from Utility Consolidated Billing to Dual Billing, the Supplier and the Company will each be responsible for its own receivables effective as of the start of Dual Billing.
- c) The Company will pay all undisputed Customer Supplier Gas Commodity Service charges to the Gas Supplier by the 5th day from due date noted on the consolidated bill, net of the discounted amount, calculated in accordance with Schedule 1 of this Gas Supplier Tariff.
- d) The Company will make payments of funds payable to the Gas Supplier via electronic payment with remittance advice to a bank designated by the Gas Supplier. Wire transfer of funds will be made per relevant Commission orders unless other terms are mutually agreed upon.
- e) Purchased Gas Supplier receivables will be treated the same manner as Company charges pursuant the Gas Service Tariff and this Gas Supplier Tariff.
- f) In the event a Customer disputes a Gas Supplier's charges and notifies the Company, the Company can stop payment to that Gas Supplier for that individual account until such time that the Company is notified that the dispute has been resolved. Once resolved, BGE will remit the payments withheld from the Gas Supplier during the dispute period. If BGE remitted more funds to the Gas Supplier than due, BGE will net that amount against total funds being remitted to the Supplier in a subsequent payment.
- g) When the Company consolidated billing option is used, all credits shall be remitted to the Company by the Supplier to be applied to the Customer's account.
- h) If the Gas Supplier's Customer is on a Gas Supplier Budget Billing program, the Company shall only be obligated to purchase each month the amount of the monthly installment under the Supplier's Budget Billing plan.
- i) The Company may add to or deduct from any payments due to Gas Suppliers amounts that may result from reconciliations, adjustments or recalculations of estimated readings, cancel and rebills or any applicable billing adjustment.
- j) The Company shall also purchase accounts receivable of Gas Supplier's customers based upon an estimated bill. The Company will not purchase accounts receivables incurred prior to the Suppliers election to use Utility Consolidated Billing for that Customer.

9.4.3 Billing and Payment Data Access. The Company and the Gas Supplier shall transmit consumption, billing, and related data to each other using the Uniform Electronic Transactions protocol for the purpose of Utility Consolidated Billing.

- a) The Supplier shall have access to Customer billing information from the Company for the Supplier's presently enrolled customers.

- b) The Company shall provide the Supplier with the same electronic access to Customer bill information that it provides to the Customer.

9.4.5 Bill Due Date. For Utility Consolidated Billing option, the Gas Supplier must adopt the same bill due date as used by the Company and defined in Section 7.4 of the Gas Service Tariff. Most bill due dates will be in accordance with the Company's published bill schedule.

9.4.6 Utility Responsibilities in the Event of Supplier Default. A defaulted Gas Supplier as defined in Section 6 of this Gas Supplier Tariff using Utility Consolidated Billing services remains obligated to provide the Company with information necessary to allow the Company to continue consolidated billing through the conclusion of the billing cycle in which the default occurred. The defaulted Gas Supplier is prohibited from issuing bills to persons who were Customers at the time of the default unless specifically authorized by the Commission.

- a) A request to authorize a Gas Supplier to bill directly may be made to the Commission by the Company or the applicable Gas Supplier.
- b) The defaulted Gas Supplier and the Company shall continue to abide by this Gas Supplier Tariff.

9.5 Billing and Payment Programs. The Company may continue to offer the following programs.

9.5.1 Budget Billing. The Company will continue to offer Budget Billing for its charges. Customers seeking to enroll in or terminate from Budget Billing must do so by contacting the Company. If a Customer is enrolled in the Company's Budget Billing program and switches to a Gas Supplier, the Company will perform a final budget reconciliation to remove the gas commodity charges from the budget bill amount. The Company's portion of the Budget Bill amount will be based solely on its regulated charges and, at the Company's discretion, may include amounts required to true-up (or settle) any excessive accumulated deviation from the budget plan. Such true-up may occur immediately, over the remaining Budget Billing cycle, or during the Company's regular Budget Billing review periods, at the Company's discretion. The Company will make Budget Billing available for Supplier charges. If the Supplier elects to include a budget amount on the Company's consolidated bill, the Supplier must provide budget billing information in a manner consistent with current regulations and the Uniform Electronic Transactions protocol.

9.5.2 BGEasy. The Company will continue to offer BGEasy for all charges billed on a Company rendered bill. Customers seeking to enroll in, or terminate from, BGEasy must do so by contacting the Company.

9.6 Taxes. For Gas Suppliers whose Customers are on Utility Consolidated Billing, the Company is responsible for the calculation, collection and remittance of all applicable State Sales tax associated with Supplier Gas Commodity charges. In addition, the Company is responsible for calculation, collection and remittance of applicable State Sales taxes assessed on Gas Commodity Service or other products and services provided by the Company. Suppliers whose customers are on Dual Billing are responsible for the calculation, collection and remittance of applicable State Sales taxes assessed on the supplier gas commodity and other products and services provided by the Supplier. The Supplier is not responsible for the calculation, collection, or remittance of local energy taxes as they are distribution taxes which are calculated, collected and remitted by the Company.

9.6.1 Tax Exemptions. For Customers who are exempt from taxes – it is the responsibility of the Company to procure any required tax exemption certificates from the customer for Suppliers whose Customers are on Utility Consolidated Billing. Under Dual Billing, it is the responsibility of both the Supplier and the Company to procure the exemption certificates from the customer.

10.0: COMPANY-SUPPLIED METERING SERVICES

10.1 Meters. The Company shall provide Standard Metering Services and Company-owned gas metering equipment in accordance with the Company's Gas Service Tariff on file with the Commission, as said Tariff may be revised by the Company from time to time.

10.2 Reading. All Customers shall have their gas deliveries metered and read or estimated in accordance with applicable Commission regulations and Company procedures.

11.0: CONFIDENTIALITY OF INFORMATION

11.1 General. All information made available by the Company to the Gas Supplier in connection with the provision of Supplier Gas Commodity Service, including, but not limited to, rate class load profile data, and information regarding computer or communications systems owned or leased by the Company, shall be used only for the purposes of receiving Supplier services and providing Supplier Gas Commodity Service under this Gas Service Tariff to Customers in the Company's Service Territory. A Gas Supplier shall not disclose such information to third parties without the Company's prior authorization and/or consent. To the extent that the Company gains knowledge of a Gas Supplier's rates, loads, computers and customers, it shall not disclose that information to third parties or anyone within the Company who has no valid and lawful business reason to possess the information.

11.2 Customer-Specific Information. The Company will not provide to the Gas Supplier Customer-specific information, without the Customer's written consent, except for information as allowed by the Commission for bill collection or credit rating reporting purposes or pursuant to Section 7.1 of this Gas Supplier Tariff. The Gas Supplier shall keep all such Customer-specific information supplied by the Company confidential unless the Gas Supplier has the Customer's written authorization to do otherwise.

12.0: DISPUTE RESOLUTION

12.1 Informal Resolution of Disputes. The Company and the Gas Supplier shall use good faith efforts to informally resolve all disputes arising out of the implementation of this Gas Supplier Tariff, the provisions of the Gas Supplier services, and/or the carrying out of the Gas Supplier's responsibilities.

12.2 Recourse. Complaints or disputes that are not satisfactorily resolved between the parties may be filed with:

Executive Secretary
Maryland Public Service Commission **or**
6 St. Paul Street
Baltimore, Maryland 21202

Office of External Relations
Maryland Public Service Commission
6 St. Paul Street
Baltimore, Maryland 21202
(410) 767-8028
1-800-492-0474

13.0: FORCE MAJEURE

Force Majeure. Neither the Company nor the Gas Supplier shall be considered to be in default in the performance of its obligations under this Gas Supplier Tariff, except obligations to make payments, to the extent that performance of any such obligation is prevented or delayed by any cause, existing or future, that is beyond the reasonable control of, and not the result of the fault or negligence of, the affected party, including, but not limited to, strike, lockout, or other labor difficulty, acts of the other party or its agents/contractors, riot, civil insurrection, war (whether or not declared), fire, flood, earthquake, unusually severe weather, government orders preventing performance or materially adversely affecting the affected party, acts of God, and other causes of a similar nature (a "Force Majeure Event"). If a party is prevented or delayed in the performance of any such obligation by a Force Majeure Event, such party shall immediately provide notice to the other party of the circumstances preventing or delaying performance and the expected duration thereof. Such notice shall be confirmed in writing as soon as reasonably possible. The party so affected by a Force Majeure Event shall endeavor, to the extent reasonable, to remove the obstacles that prevent performance and shall resume performance of its obligations as soon as reasonably practicable. The settlement of strikes and labor disturbances shall be wholly within the discretion of the party experiencing that difficulty. Economic hardship of either party shall not constitute a Force Majeure Event under this Gas Supplier Tariff. Computer problems shall not constitute a Force Majeure Event under this Gas Supplier Tariff.

14.0: REGULATORY AUTHORIZATIONS AND JURISDICTION

14.1 Compliance with Applicable Legal Authorities. The Company and the Gas Supplier are subject to, and shall comply with, all existing or future applicable federal, state, and local laws, all existing or future Commission orders or regulations or other duly authorized actions of governmental authorities having jurisdiction over such matters. The Company will not violate, directly or indirectly, or become a party to a violation of any applicable federal, state or local statute, regulation, rule or order, to provide service to the Gas Supplier. The Company's obligation to provide service is subject to the condition that all requisite governmental and regulatory approvals for the provision of such service will have been obtained and will be maintained in force during such period of service.

14.2 Change in Applicable Legal Authorities. This Gas Supplier Tariff is subject to change in the future to reflect any relevant changes required by the Commission or other Maryland State agency having jurisdiction, or by virtue of any federal or state law or regulation, and such changes shall be deemed to be binding upon the parties, except where the right to terminate is exercised in accordance with the terms of this Gas Supplier Tariff.

15.0: LIMITATION OF LIABILITY

15.1 General Limitation of Liability. The Company shall have no duty or liability with respect to Supplier Gas Commodity Service before the gas commodity is delivered by a Gas Supplier to the Company's distribution system. The Company shall have the same distribution service obligation to Customers receiving Supplier Gas Commodity Service as to those receiving BGE Gas Commodity Service from the Company. In no event shall either party be liable to the other for any consequential, indirect, or special damages suffered by the other party arising from activities conducted pursuant to this Gas Supplier Tariff.

15.2 Limitation of Liability for Service Interruptions and Variations. The Company does not guarantee continuous, regular and uninterrupted supply of service. The Company may interrupt or limit the supply of service, on a non-discriminatory basis, with respect to Gas Suppliers, for the purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The Company is not liable for any loss, costs, damages, or expense to the Gas Supplier, including consequential, indirect or special damages, as a result of such interruptions or limitations of supply or for any other reasons beyond the Company's control. The Company also is not liable for any loss, costs, damages, or expense to the Gas Supplier, including consequential, indirect or special damages, by failure to supply or by interruption, reduction, or fluctuation in supply caused by events beyond the control of the Company or any cause except gross negligence or willful misconduct of the Company.

15.3 Additional Limitations of Liability in Connection with Competitive Gas Supply. Other than its duty to deliver Supplier Gas Commodity Service subject to the provisions of this Gas Supplier Tariff, the Company shall have no duty or liability to the Gas Supplier providing Supplier Gas Commodity Service arising out of or related to a contract or other relationship between the Gas Supplier and a Customer of the Gas Supplier. The Company shall implement Customer selection of the Gas Supplier consistent with Commission rules and regulations and shall have no liability to the Gas Supplier arising out of or related to switching or not switching Customers to Gas Suppliers except in the event of gross negligence or willful misconduct of the Company.

16.0: MISCELLANEOUS PROVISIONS

16.1 Notices. All filings pertinent to this Tariff should be made to:

Executive Secretary
Maryland Public Service Commission
6 St. Paul Street
Baltimore, MD 21202

16.2 No Prejudice of Rights. The failure of either party to insist on any one or more instances upon strict performance of any provisions of this Gas Supplier Tariff, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect.

16.3 Applicable Riders Gas Suppliers providing service pursuant to this Gas Supplier Tariff are subject to the following Riders of the Gas Service Tariff:

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

Schedule 1

Discount Rate for Purchase of Supplier Receivables

The Discount Rate for Purchase of Supplier Receivables (Discount Rate) recovers prudently incurred costs arising from the purchase of Supplier Receivables as part of BGE's Gas Choice Programs. The Discount Rate is re-calculated annually and is effective for the 12 months beginning with the purchase of supplier receivables in June pending Commission approval. The Discount Rate will consist of charges based on estimated data for the upcoming June through May period and a reconciliation of estimated and actual data from the prior June through May period (the "Reconciliation Component").

A. Eligible Costs

1. **Uncollectible Expense Component:** These costs include all uncollectible expenses associated with BGE's obligation to purchase supplier receivables.
2. **Program Development Cost Component:** These costs include, but are not limited to the programming, testing, and other information technology costs directly associated with COMAR 20.59.
3. **Risk Component:** This component will be paid to the Company for retention by their shareholders to compensate them for the risk associated with the purchase of supplier receivables.

B. Calculation of Discount Rate

1. The initial (unadjusted) Discount Rate for Residential Service Customers served under Schedule D of the Gas Service Tariff and General Service Customers served under Schedule C of the Gas Service Tariff, excluding Daily Metered customers, is calculated as follows:
 - a) The Uncollectible Expense Component percent will be calculated by dividing the estimated Gas Supplier commodity uncollectible expenses associated with each rate schedule by the estimated gas commodity revenues billed for all Gas Suppliers for that rate schedule. After the first year this component will be net of Late Payment Revenues.
 - b) The Program Development Cost Component percent will be calculated by amortizing the estimated programming, testing, and other information technology costs directly associated with COMAR 20.59 over two years. BGE will divide the amount to be recovered by the estimated gas revenues billed for all Gas Suppliers in each of those years.
 - c) The Risk Component percent will be evaluated annually.
 - d) The initial Discount Rate is derived by adding the Uncollectible Expense Component (a), the Program Development Expense Component (b), and the Risk Component (c).
2. The Reconciliation Component is calculated on the Imbalance for each rate schedule. Imbalances are calculated as differences between cumulative costs eligible for recovery and discount amounts for purchased receivables. During its disposition, an Imbalance earns interest equivalent to the interest rate set by the Commission annually for customer deposits held by the Company. The Reconciliation Component rate is calculated by dividing the Imbalance, including interest earned or owed, for each rate schedule by the estimated billed gas commodity revenues for all Gas Suppliers for that rate schedule.
3. The final Discount Rate is derived by adding up the initial rate calculated in B.1 above to the true-up rate calculated in B.2 above.
4. In the event the calculation results in a negative final Discount Rate, the Discount Rate will be set to 0.000% and the associated costs will be included in the future year's Reconciliation Component.

The Discount Rate is as follows:

<u>Rate Schedule</u>	<u>Discount Rate</u>
Residential – Schedule D	0.0000%
General Service – Schedule C	0.0000%

BGE will file the calculation of the Discount Rate with the PSC by April 30 of each year with the revised percents to be effective with the purchase of receivables beginning in June pending Commission approval.