

Columbia Gas Transmission, LLC  
FERC NGA Gas Tariff  
Original Volume No. 1.1

Section 2.1  
Non-Conforming Svc Agmts  
Version 1.0.1

Non-Conforming Service Agreement  
No. 78653

UGI Utilities Inc.

Agreement Effective Date: May 15, 2004

Issued : September 28, 2010

Effective: August 23, 2010

SERVICE AGREEMENT NO. 78653  
CONTROL NO. 2004-04-22-0005

FTS SERVICE AGREEMENT

THIS AGREEMENT, made and entered into this 1<sup>st</sup> day of November, 2004, by and between:

Columbia Gas Transmission Corporation  
("Transporter")  
AND  
UGI Utilities Inc.  
("Shipper")

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive service in accordance with the provisions of the effective FTS Rate Schedule and applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Second Revised Volume No. 1 (Tariff), on file with the Federal Energy Regulatory Commission (Commission), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. The maximum obligation of Transporter to deliver gas hereunder to or for Shipper, the designation of the points of delivery at which Transporter shall deliver or cause gas to be delivered to or for Shipper, and the points of receipt at which Shipper shall deliver or cause gas to be delivered, are specified in Appendix A, as the same may be amended from time to time by agreement between Shipper and Transporter, or in accordance with the rules and regulations of the Commission. Service hereunder shall be provided subject to the provisions of Part 284. 223 of Subpart G of the Commission's regulations. Shipper warrants that service hereunder is being provided on behalf of Shipper.

Section 2. Term. Service under this Agreement shall commence as of May 15, 2004, and shall continue in full force and effect until October 31, 2029. Pre-granted abandonment shall apply upon termination of this Agreement, subject to any right of first refusal Shipper may have under the Commission's regulations and Transporter's Tariff.

Section 3. Rates. Shipper shall pay Transporter the charges and furnish Retainage as described in the above-referenced Rate Schedule, unless otherwise agreed to by the parties in writing and specified as an amendment to this Service Agreement. Transporter may agree to discount its rate to Shipper below Transporter's maximum rate, but not less than Transporter's minimum rate. Such discounted rate may apply to: a) specified quantities (contract demand or commodity quantities); b) specified quantities above or below a certain level or all quantities if quantities exceed a certain level; c) quantities during specified time periods; d) quantities at specified points, locations, or other defined geographical areas; and e) that a specified discounted rate will apply in a specified relationship to the quantities actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to quantities actually transported). In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in Transporter's maximum rate so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sheets. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.

SERVICE AGREEMENT NO. 78653  
CONTROL NO. 2004-04-22-0005

**FTS SERVICE AGREEMENT**

Section 4. Notices. Notices to Transporter under this Agreement shall be addressed to it at Post Office Box 1273, Charleston, West Virginia 25325-1273, Attention: Manager – Customer Services and notices to Shipper shall be addressed to it at:

UGI Utilities Inc.  
P. O. Box 12677  
Reading, PA 19612-2677  
ATTN: Timothy Oaks


until changed by either party by written notice.

SERVICE AGREEMENT NO. 78653  
CONTROL NO. 2004-04-22-0005

FTS SERVICE AGREEMENT


Section 5. Superseded Agreements. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreements: N/A.

UGI Utilities Inc.

By:   
Name: David W. Trego  
Title: President & CEO  
Date: 11/1/04

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126  
6/3/04

Columbia Gas Transmission Corporation

By:   
Name: T. N. Brasselle  
Title: MGR Customer Services  
Date: NOV 04 2004

Revision No. 0  
Control No. 2004-04-22-0005

Appendix A to Service Agreement No. 78653

Under Rate Schedule FTS

Between (Transporter) Columbia Gas Transmission Corporation  
and (Shipper) UGI Utilities Inc.

Transportation Demand 42,000 Dth/Day

Primary Receipt Points

Scheduling Point No.	Scheduling Point Name	Measuring Point No.	Measuring Point Name	Maximum Daily Quantity (Dth/Day)	Minimum Receipt Pressure Obligation (psig) 1/	Hourly Flowrate (Dth/hour) 1/
C23	PENNSBURG-23	631929	PENNSBURG (74-000577)	500		
C22	EAGLE-25	632170	EAGLE C.S. (74-000011)	41,500		

Revision No. 0  
Control No. 2004-04-22-0005

Appendix A to Service Agreement No. 78653  
Under Rate Schedule FTS  
Between (Transporter) Columbia Gas Transmission Corporation  
and (Shipper) UGI Utilities Inc.

Primary Delivery Points

Scheduling Point No.	Scheduling Point Name	Measuring Point No.	Measuring Point Name	Maximum Daily Delivery Obligation (Dth/day) 1/	Design Daily Quantity (Dth/Day) 1/	Aggregate Daily Quantity 1/	Minimum Delivery Pressure Obligation (psig) 1/	Hourly Flowrate (Dth/hour) 1/
72-23	UGI CORP-23	600012	ROSEDALE	500 FN01				FN02
72-23	UGI CORP-23	600018	BOYERTOWN	1,893				FN02
72-25	UGI CORP-25	600019	MILLWAY	12,000				FN02
72-25	UGI CORP-25	600033	MT. JOY	2,906				FN02
72-25	UGI CORP-25	600036	LITTIZ	3,000				FN02
72-25	UGI CORP-25	600037	MANHEIM	545				FN02
72-25	UGI CORP-25	603470	MARIETTA	11,656				FN02
72-23	UGI CORP-23	637254	ALLENTOWN	9,500 FN01				FN02

Appendix A to Service Agreement No. 78653

Under Rate Schedule FTS  
Between (Transporter) Columbia Gas Transmission Corporation  
and (Shipper) UGI Utilities Inc.

1/ Application of MDDOs, DDQs, and ADQs and/or minimum pressure and/or hourly flowrate shall be as follows:

FN01 Shipper's right to deliver gas at the primary delivery points of Allentown and Rosedale under this FTS Service Agreement on any Gas Day will be calculated based upon a pro rata calculation, under which 1 Dth of natural gas will be available to Shipper for delivery to Allentown or Rosedale under the FTS Service Agreement on any Gas Day for every 4.2 Dth of natural gas received by Transporter for Shipper's account under this FTS Service Agreement at Pennsylvania on that same Gas Day, up to the specified MDDO for each point.

FN02 Transporter's historic practice of providing Shipper flexibility in meeting the hourly variations in its requirements at city-gate delivery points under its service agreements, within the daily firm obligations set forth in Shipper's contracts, will continue unless it becomes inconsistent with the terms of Transporter's FERC Gas Tariff, as that Tariff may be changed from time to time, or unless Transporter issues an operational flow order ("OFO") limiting hourly deliveries in the manner described herein. If such an OFO is issued, Shipper will be entitled to receive hourly deliveries of 110% of 1/24th of the quantity of gas scheduled on a Gas Day up to a total of 42,000 Dth per Day (that is, not to exceed 1,925 Dth per Hour), or such higher quantity as may be specified in the OFO, at its primary delivery points during any five hours falling between 5 a.m. and 9 a.m. eastern clock time or between 5 p.m. and 9 p.m. eastern clock time, respectively, as determined by Shipper (the "Hourly Flow Rate"). Notwithstanding the foregoing, Transporter may issue an OFO directed at Shipper's delivery points and requiring a lower Hourly Flow Rate based upon the occurrence of an event specified in Section 17 of the General Terms and Conditions of Transporter's FERC Gas Tariff that materially affects Transporter's ability to serve Market Areas 23 and/or 25 and requiring the issuance of an OFO specifically limiting the Hourly Flow Rate to Shipper. Transporter reserves the right, if operationally necessary, to require that Shipper take its Hourly Flow Rate at its citygate delivery points on a pro rata basis based on the MDDOs at those delivery points.

Appendix A to Service Agreement No. 78653

Under Rate Schedule FTS  
Between (Transporter) Columbia Gas Transmission Corporation  
and (Shipper) UGI Utilities Inc.

The Master list of Interconnects (MLI) as defined in Section 1 of the General Terms and Conditions of Transporter's Tariff is incorporated herein by reference for the purposes of listing valid secondary interruptible receipt points and delivery points.

Yes  No (Check applicable blank) Transporter and Shipper have mutually agreed to a Regulatory Restructuring Reduction Option pursuant to Section 42 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

Yes  No (Check applicable blank) Shipper has a contractual right of first refusal equivalent to the right of first refusal set forth from time to time in Section 4 of the General Terms and Conditions of Transporter's FERC Gas Tariff.


Service pursuant to this Appendix A, Revision No. 0 shall be effective May 15, 2004 through October 31, 2029.

Yes  No (Check applicable blank) This Appendix A, Revision No. 0 shall cancel and supersede the Previous Appendix A, Revision No. \_\_\_ effective as of \_\_\_\_\_, 20\_\_\_, to the Service Agreement referenced above.

Yes  No (Check applicable blank) All Gas shall be delivered at existing points of interconnection within the MDDO's, and/or ADQ's, and/or DDQ's, as applicable, set forth in Transporter's currently effective Rate Schedule \_\_\_ Appendix A, Revision No. 0 with Shipper, which for such points set forth are incorporated herein by reference.

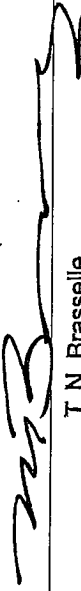
With the exception of this Appendix A, Revision No. 0 all other terms and conditions of said Service Agreement shall remain in full force and effect.

UGI Utilities Inc.

By:   
Name: David W. Trego  
Title: President & CEO  
Date: 11/10/04

*Handwritten initials and signature*

Columbia Gas Transmission Corporation

By:   
Name: T. N. Brasselle  
Title: MGR Customer Services  
Date: NOV 04 2004



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Section 5. Superseded Agreements. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreements: N/A.

UGI Utilities Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_ David W. Trego \_\_\_\_\_  
Title: \_\_\_\_\_ President & CEO \_\_\_\_\_  
Date: \_\_\_\_\_ 11/1/04 \_\_\_\_\_

*Handwritten initials/signature*

Columbia Gas Transmission Corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## ATTACHMENT A

### Predetermined Allocation Agreement Between Columbia Gas Transmission Corporation and UGI Utilities, Inc. Governing FTS Service Agreement No. 78653

This Predetermined Allocation Agreement ("Agreement") is made and entered into as of May 15, 2004 by and between Columbia Gas Transmission Corporation ("Columbia") and UGI Utilities, Inc. ("UGI").

#### Article I. Introduction

WHEREAS, as part of the restructuring of UGI's bundled sales service from Columbia that occurred under FERC Order No. 636, UGI was required to enter into certain transportation service agreements with Texas Eastern Transmission Corporation ("Texas Eastern") for deliveries of gas at certain of UGI's city-gate delivery points that had historically been served by Columbia;

WHEREAS, in order to ensure that UGI's transportation services on Texas Eastern and Columbia after Order No. 636 would maintain comparable flexibility and reliability to the bundled sales service that UGI received from Columbia prior to Order No. 636, both Columbia and Texas Eastern have historically permitted UGI to change transportation receipts at the Eagle and Pennsburg interconnections between Texas Eastern and Columbia, throughout the day of gas delivery (the "Gas Day"), so as to minimize imbalances on both pipelines and to meet the varying delivery requirements of UGI's customers;

WHEREAS, since the time of Order No. 636, Columbia and Texas Eastern have made various changes in the General Terms and Conditions of their respective FERC Gas Tariffs such that the nomination and scheduling rules of the two pipelines are currently different. UGI currently has the right to make continuous nominations for delivery from Texas Eastern into Columbia at Eagle and Pennsburg within the Gas Day but only has the right to change nominations on Columbia during two NAESB prescribed nomination cycles within the Gas Day. The latest of these NAESB intra-day nomination cycles is referred to herein as "Intraday II."

WHEREAS, Columbia and UGI have entered into an FTS Service Agreement (Contract No. 78653) providing for 42,000 Dth per Day of Transportation Demand with receipt points at Eagle and Pennsburg and delivery points in Market Areas 23 and 25.

WHEREAS, Columbia and UGI desire to establish as between themselves the methodology by which imbalances at UGI's citygates under FTS Service Agreement (Contract No. 78653) -- arising due to the difference in nominating practices under Columbia's and Texas Eastern's FERC Gas Tariffs -- will be handled.

WHEREAS, this Agreement is not intended to change or alter the current procedures, processes or timelines for confirming nominations, scheduling gas and performing allocations as specified in the FERC Gas Tariff of Columbia.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, Columbia and UGI agree as follows:

**Article II. Predetermined Allocation Methodology**

1. To facilitate the delivery of natural gas from Texas Eastern into Columbia at Eagle and Pennsburg after the Intraday II nomination cycle for natural gas to be delivered to UGI under Contract No. 78653, Columbia is willing, in accordance with the terms of this Agreement, to permit changes in gas flow under Contract No. 78653 to occur during a Gas Day after the Intraday II nomination cycle into Columbia at Eagle and Pennsburg at a quantity agreed to between UGI, Texas Eastern and Columbia. Such changes will be limited by the physical rate at which Texas Eastern can deliver and Columbia can receive such gas over the remainder of the Gas Day. Such changes in gas flow shall be determined as follows:

(a) UGI shall make nominations in accordance with the provisions of Columbia's then-existing FERC Gas Tariff, including updated nominations in the Intraday I and Intraday II nomination cycles. Such nominations will reflect UGI's best estimate of gas flow for the entire Gas Day.

(b) From time to time after the Intraday II nomination cycle but within the Gas Day, as UGI receives updated measurement and temperature information, UGI will notify Columbia's Gas Control Department of requested changes to the amount of natural gas intended to be delivered from Texas Eastern to Columbia at Eagle and Pennsburg for the entire Gas Day under Contract No. 78653 after the Intraday II nomination cycle. All changes requested by UGI must be submitted and agreed to by Columbia's and Texas Eastern's Gas Control Departments prior to any change in gas flow. Columbia will approve such requests and permit such gas to flow when Columbia's Gas Control determines based on system operations that the total quantity of gas receipts requested by UGI under Contract No. 78653 at Eagle and Pennsburg for the Gas Day, including the changes submitted after the Intraday II nomination cycle, will be delivered by Texas Eastern.

(c) If Columbia determines that the total quantity of gas that Texas Eastern has delivered to Columbia at Eagle and Pennsburg during the elapsed portion of the Gas Day and will deliver for the remaining portion of the Gas Day is insufficient to achieve the requested amount of gas receipts requested by UGI as provided in subparagraph (a) above, Columbia will notify UGI, and UGI will be responsible for contacting Texas Eastern to advise Texas Eastern to adjust the flow rate for the remaining hours of the Gas Day to match the total quantity of gas receipts requested by UGI for the Gas Day under subparagraph (a) above.

(d) If at any time during the Term of this Agreement: (i) Columbia or Texas Eastern is permitted or required by FERC to adopt changes to the nomination and scheduling procedures contained in the General Terms and Conditions of their respective FERC Gas Tariffs and (ii) such changes conflict with the rights and obligations of either Columbia or UGI as set forth herein, then Columbia and UGI agree, to the extent permitted by law, to amend or construe this Agreement as is reasonably necessary to effectuate the original intent of the Parties.

2. This PDA is intended to resolve imbalances occurring under Contract No. 78653 by ensuring that receipts of gas into Columbia's system at Eagle and Pennsburg during a Gas Day associated with Contract No. 78653, less applicable retainage, match the deliveries by Columbia to UGI's delivery points during a Gas Day. In order to allocate differences between scheduled quantities and actual quantities, Columbia will make the necessary reallocation adjustments to match the physical quantities received from Texas Eastern for Contract No. 78653 with the physical quantities delivered to UGI under Contract No. 78653, as adjusted for Transportation Retainage, up to the total Transportation Demand of 42,000 Dth per day. Any imbalances arising under other UGI service agreements with Columbia shall be resolved in accordance with the terms of those service agreements and the General Terms and Conditions of Columbia's FERC Gas Tariff.

### **Article III. Force Majeure**

If, by reason of force majeure, either Columbia or UGI is rendered unable, wholly or in part, to carry out its obligations under this Agreement, and if such party gives notice and reasonably full particulars of such force majeure in writing, including, without limitation, by facsimile or Internet e-mail, to the other within a reasonable time after the occurrence of the cause relied on, the party giving such notice, so far as and to the extent that it is affected by such force majeure, shall be excused from performance hereunder; provided, such cause shall be remedied with all reasonable dispatch. Force Majeure shall bear the same meaning as is stated in Section 15.1 of the General Terms and Conditions ("GTC") of Columbia's FERC Gas Tariff.

### **Article IV. Applicable Laws And Regulations**

This Agreement and the rights and obligations of Columbia and UGI hereunder shall be subject to all valid and applicable laws, orders, rules, regulations and directives of any duly constituted government body, official or regulatory body having jurisdiction. This Agreement shall be interpreted in such a manner as to ensure that all of its terms are fully consistent with Columbia's FERC Gas Tariff and all valid and applicable laws, orders, rules, regulations and directives of any duly constituted government body, official or regulatory body having jurisdiction.

**Article V. General Provisions**

**Term Section:**

This Agreement shall become effective May 1, 2004 and shall remain in effect until the earlier of (1) termination of Contract No. 78653, or (2) termination of UGI's current rate schedule FSS service agreements or successor rate schedule FSS service agreements.

**Notice Section:**

Any notice provided for under this Agreement shall be in writing and shall be considered as duly delivered when sent by United States mail, postage prepaid, addressed as follows:

If to Columbia:

Columbia Gas Transmission Corporation  
1700 MacCorkle Ave., SE  
PO Box 1273 Charleston, WV 25325-1273

If to UGI:

UGI Utilities, Inc.  
100 Kachel Boulevard, Suite 400  
PO Box 12677  
Reading, PA 19612-2677

Either Columbia or UGI may designate in writing a further or different address to which subsequent notices, requests, statements, payments or other communications shall be sent.

**Successors Section:**

Any company which shall succeed by purchase, merger or consolidation to all or substantially all of the properties of either Columbia or UGI hereto shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement.

**Captions Section:**

The titles to each of the various Articles and Sections in this Agreement are included for convenience or reference only and shall have no effect on, or be deemed as part of the text of, this Agreement.

**Applicable Law Section:**

This Agreement shall be governed by and interpreted in accordance with the laws, rules and regulations of the regulatory body having jurisdiction over the premises hereof. To the extent a state law matter is at issue and is not preempted by federal law, the state law matter shall be governed by and interpreted in accordance with the laws of the State of West Virginia.

**Revision of Agreement**

This Agreement can only be amended, modified, or supplemented by the written agreement of Columbia and UGI. It is the intention of the Parties hereto that, whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable laws and regulations. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable laws or regulations, such invalidity, illegality or unenforceability will not affect any other provision of this Agreement, and this Agreement, to the extent permitted by laws and regulations, will be reformed, construed and enforced to effectuate the original intent of the Parties, as if such invalid, illegal or unenforceable provision had never been contained herein and/or therein, as the case may be.

**Mutual Support**

In the event that this Agreement is ever challenged, reviewed or otherwise subject to disclosure in any FERC proceeding, the parties agree to cooperate with respect to such proceeding, to support this Agreement in its entirety, and to advocate the ratification, acceptance and approval of this Agreement, as may be necessary, without condition, modification, or limitation.

**Rights and Remedies.**

The rights and remedies granted under this Agreement shall not be exclusive but shall be in addition to all other rights and remedies available at law or in equity.

IN WITNESS THEREOF, Columbia and UGI have caused this Agreement to be executed, in duplicate originals, by their duly authorized officers or officials and effective as of the day and year first above written.

Columbia Gas Transmission Corporation

By: *Michael Watson*  
Name: Michael Watson  
Its: Vice President, Pricing and  
Volume Management

UGI Utilities, Inc.

By: *Robert J. Chaney*  
Name: Robert J. Chaney  
Its: President

*Bob Chaney* 7/11/11