



PRIORITY ONE/FIRM POOLING AGREEMENT

THIS AGREEMENT is made this _____ day of _____, 2016, by and between PEOPLES NATURAL GAS COMPANY LLC, a Pennsylvania limited liability company, with its main office at 225 North Shore Drive, Pittsburgh, PA 15212, hereinafter called "Peoples",
AND

_____, a _____ company, with its main office at _____, hereinafter called "Pool Operator".

WHEREAS, Peoples offers a Rate P-1, Priority One, or Firm, Pooling Service ("P-1 Pooling Service"), to eligible pool operators for the purpose of enabling the pool operators' Priority One transportation service customers to satisfy all of their natural gas requirements through the use of transportation service provided by Peoples;

WHEREAS, the P-1 Pooling Service permits Priority One transportation service Ratepayers (as defined herein) or their agents to aggregate various privileges accorded individual transportation customers for the benefit of the group of transportation Ratepayers who are members of the Pool; and

WHEREAS, Pool Operator desires to contract for such service from Peoples and to exercise those privileges as agent for Priority One Ratepayers.

NOW, THEREFORE, for and in consideration of mutual covenants and promises contained herein, Peoples agrees to permit Pooling and Pool Operator hereby agrees to Pool natural gas supplies in accordance with the following terms and conditions:

ARTICLE I - DEFINITIONS

For purposes of interpreting this contract, the following definitions shall apply:

1. Pool. The "Pool" referred to herein shall mean, as applicable, that aggregation of gas supplies and transportation privileges which Pool Operator establishes under this Agreement, or, the group of transportation service Ratepayers whose transportation privileges have been aggregated. The minimum number of customers, or the minimum amount of annual MCF delivery per Pool, shall be as outlined in the Tariff.

2. Pooling. "Pooling" is a service provided by Peoples whereby Natural Gas Suppliers ("NGS") may aggregate natural gas supplies needed to satisfy the full requirements of one or more transportation Ratepayer(s) of Peoples which Ratepayer(s) have assigned their rights to balancing and storage services and other rights under Peoples' Tariff to said NGS as Ratepayer(s)' agent.

3. Ratepayer(s). "Ratepayer(s)" means a recipient of transportation service provided by Peoples which procures its supply of gas from the Pool. Each account number designated by Peoples shall be considered a Ratepayer.

4. Natural Gas System. "Natural Gas System" shall refer to the natural gas distribution system operated by Peoples which is designated on Appendix A as either the Peoples system or the Peoples-Equitable Division system.

5. Tariff. "Tariff" shall refer to the terms and conditions contained within the tariff(s) identified on Appendix A. Peoples' Tariff, as it may be amended from time-to-time, is herein incorporated by reference. In the event of a conflict between the provisions of this Agreement and Peoples' Tariff, the latter shall control. Nothing in this Agreement shall be interpreted as affecting Peoples' rights to file for changes to its Tariff.

Provided further, any definition set forth in Peoples' then-effective Tariff shall also be used for purposes of interpreting this contract.

ARTICLE II - TERM

This Agreement shall extend for an initial term commencing _____, 2016 and ending _____, 2017, and shall continue thereafter for successive annual periods unless either party notifies the other party sixty (60) days prior to the beginning of the next annual term that it does not intend to renew this Agreement. This provision may, however, be altered by operation of certain provisions under the Tariff.

Peoples may terminate this Agreement upon ten (10) days advance written notice of termination to Pool Operator in the event Pool Operator (1) fails to pay the full amount of any bill for services rendered by Peoples hereunder when that amount is due; (2) has violated the terms of this Agreement; (3) fails to maintain the minimum creditworthiness standards, or to provide a security enhancement/deposit, as set forth in the Tariff, or (4) has violated the terms of the Tariff. Service may continue hereunder at the discretion of Peoples if the Pool Operator provides assurance satisfactory to Peoples that any such failure or violation is cured.

ARTICLE III - COMPLIANCE WITH TARIFF

Pool Operator agrees to comply with all of the terms and conditions described in Peoples' Tariff, including but not limited to all of the applicable Rules and Regulations of the Tariff. Without limiting the scope of the preceding sentence, Pool Operator agrees to comply with the rules, as outlined in the Tariff, related to nominating procedures, pool-to-pool transfers and storage-inventory transfers.

ARTICLE IV - FEES

The fee(s) for the Pooling service provided herein shall be as stated in Peoples' Tariff in effect at the time service is provided. Pool Operator shall be subject to all other fees/charges described in the Tariff, including but not limited to any transfer fees or fuel retention charges, as

well as any other fees charged for other services provided by Peoples to Pool Operator, including, but not limited to, billing service fees end user meter reading fees and off-System transportation fee, as negotiated by Pool Operator and Peoples.

Each calendar month, Peoples shall render a statement of account to the Pool Operator summarizing the charges due to Peoples, including any purchases made by Peoples. Peoples shall render to Pool Operator a separate statement of account for services provided pursuant to this Agreement for each Natural Gas System.

The Pool Operator shall pay Peoples by wire transfer of federal funds unless the Pool Operator and Peoples mutually agree upon a method of payment other than wire transfer which will result in timely receipt of payment by Peoples.

If Pool Operator operates on more than one Natural Gas System, or if a Pool Operator also operates a Non-Priority One Pool on Peoples' system, or if Pool Operator also operates a P-1 or Non-Priority One Pool on the Peoples TWP LLC system, and Pool Operator has a balance due to Peoples on one pool bill with a credit balance on the other bill, Peoples may offset the balance due with the credit, thus "netting" all bills. Further, any amounts billed by Peoples to Ratepayers in Pool Operator's Pool and payable by Peoples to Pool Operator shall be credited against any fees due and owing to Peoples under this Agreement or under Peoples' Tariff, or any other charges due Peoples.

Charges previously billed to the Pool Operator by Peoples, for which payment has not been received by Peoples by the due date, will be assessed a late-payment charge of two percent (2%) per month on the unpaid balance. If Peoples has not received payment from the Pool Operator for any services or charges, including late-payment charges, within fifteen (15) days of the statement date, Peoples may deduct this unpaid amount from any payments accruing to the Pool Operator under any agreement between the Pool Operator and Peoples or take gas in kind from the Pool Operator in satisfaction of obligations and/or terminate the agreement with the Pool Operator as provided for in Article II.

ARTICLE V - FORCE MAJEURE

The term "Force Majeure," as used herein, and as applied to Peoples or Pool Operator, shall mean acts of law including governmental bodies acting pursuant to law, acts of God, strikes, lockouts or other labor disturbances, acts of a public enemy, war, blockades, insurrections, riots, epidemics, lightning, fires, floods, washouts, arrests, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, freezing pipelines, or any other cause, whether of the kind enumerated or otherwise, not reasonably within the control of the affected party. The settlement of strikes, lockouts or labor disturbances by acceding to the demands of an opposing party when such course is inadvisable is at the discretion or judgment of the affected party.

In the event Peoples or Pool Operator is rendered unable, wholly or in part, by Force Majeure, to carry out its obligations other than the obligation to make payment of amounts accrued and due under this Agreement, and after notice of the Force Majeure condition is given

to the other party in writing or by facsimile, the obligation of both parties, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused and the Force Majeure condition shall be remedied with all reasonable dispatch.

Neither Peoples nor Pool Operator shall be liable in damages to the other for any act, omission or circumstances occasioned by, or in consequence of, Force Majeure.

Such causes or contingencies affecting the performance of this Agreement by Peoples or the Pool Operator shall not relieve the affected party of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by facsimile to the other party as soon as reasonably practical after the occurrence of the cause relied upon, nor shall such causes or contingencies affecting this Agreement by either party relieve it of liability in the event of its concurring negligence, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligations to make payments of amounts for services rendered under the Agreement for gas already allocated to Ratepayers.

ARTICLE VI - BILLING OPTIONS

Prior to the delivery of this executed Agreement to Peoples, Pool Operator should elect one (1) of the billing options outlined in Appendix A. In the event Pool Operator executes and delivers this Agreement to Peoples without having made its election on Appendix A the bills shall be rendered based on Dual Billing.

ARTICLE VII - GAS MEASUREMENT AND GAS QUALITY

1. All quantities of natural gas delivered by Peoples to its Ratepayers at points of delivery shall be measured and meet the quality of gas specifications as described herein as well as the Tariff(s). All quantities of natural gas received by Peoples at upstream interstate pipeline receipt points shall be measured at Upstream Pipeline Transportation Receipt Points listed in the Agreement in accordance with the terms of Peoples' agreement with the Upstream Pipeline and shall be conclusive for purposes of this Agreement.

2. Local Gas Volumes.

(a) All quantities of local gas received by Peoples at production receipt points on Peoples' system ("Local Gas Volumes") shall be measured in accordance with the applicable agreement(s) between Peoples and the applicable producer ("Producer Agreement").

(b) Pool Operator shall arrange for the operation and maintenance of measuring stations necessary to receive Pool Operator's gas into the facilities of Peoples hereunder in accordance with the terms of the Producer Agreement. Peoples agrees to enter into said Producer Agreement with the producer(s) who own and operate the wells from which gas is delivered directly into Peoples' facilities. Peoples shall design, construct, own, operate and maintain the taps and any appurtenant facilities necessary for interconnection equipment installed by

Pool Operator or its agents. Pool Operator agrees to reimburse Peoples for all costs, including reasonable administrative and general overheads, incurred by Peoples in the construction and installation of such interconnecting facilities. Such costs shall be billed as part of Peoples' pooling invoice, and will be subject to the same billing and payment provisions as provided herein and in the Tariff.

(c) Pool Operator shall warrant that all Local Gas Volumes received by Peoples hereunder for Pool Operator's account shall be free from oil, water, salt, gum, dust, and other foreign substances.

(d) Pool Operator shall warrant that all Local Gas Volumes received by Peoples for Pool Operator's account shall contain not less than 967 Btu per cubic foot and shall not exceed 1,100 Btu per cubic foot (as determined by calorimeter tests at 60 degrees Fahrenheit and saturated with water vapor) and a Utilization Factor of 1,300 plus or minus 6 percent ($U.F. = \text{Heating Value (Btu)} \div \text{the square root of the specific gravity}$). The Local Gas Volumes shall not contain more than the following:

- (i) Seven (7) pounds of water per million cubic feet measured at 14.73 psia.
- (ii) Three (3) percent by volume of carbon dioxide.
- (iii) Twenty-five hundredths (0.25) grains of hydrogen sulfide per 100 cubic feet.
- (iv) Ten (10) grains of total sulfur per 100 cubic feet.

(e) Should any of the above substances enter Peoples' facilities and cause damage to metering, regulating, or other equipment, or interruption of service, Pool Operator shall reimburse Peoples for the costs to repair such damage and for any related costs which Peoples may incur to restore service to or repair facilities of its customers, including payments made by Peoples to customers in settlement of claims arising out of interruption of gas service.

ARTICLE VIII - RESERVED FOR FUTURE USE

ARTICLE IX - MISCELLANEOUS

1. Service under this contract is conditioned upon the availability of capacity sufficient to provide such service without detriment or disadvantage to Peoples' existing customers who are dependent on Peoples' general system supply.

2. No modification of the terms and provisions of this Agreement shall be or become effective except by the execution of written contracts or by modification of Peoples' tariffs.

3. No waiver by any party of any one or more defaults by any other party in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any other default or defaults, whether of a like or of a different character.

4. Any company which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of Peoples' or of Pool Operator, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Without relieving itself of its obligations under this Agreement, any party may assign any of its rights hereunder to a company with which it is affiliated; provided however, such affiliate shall meet all the requirements in the Tariff, but otherwise no assignment of this Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto in writing of the other party. Peoples agrees it will not unreasonably withhold consent to the assignment of this Agreement to any successor to Pool Operator.

5. Except as herein otherwise provided, any notice, request, or demand provided for in this Agreement, or any notice which any party may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by registered or certified mail to the Post Office address of the parties hereto, as the case may be, as follows:

PEOPLES:

PEOPLES NATURAL GAS COMPANY LLC

225 North Shore Drive

Pittsburgh, PA 15212

Attention: Senior Attorney

POOL OPERATOR:

Attention: _____

or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements, bills and payments, shall be considered as duly delivered when mailed by either registered, certified, ordinary mail or electronically.

6. In the event any tax is imposed on natural gas, or the production, severance, gathering, transportation, sale, delivery or use of natural gas, or if such tax is imposed in any other manner so as to constitute directly or indirectly a charge upon the gas delivered to Peoples for redelivery hereunder, the amount of such tax shall be borne by Pool Operator so far as it affects or relates to or is apportionable to the gas delivered to Peoples hereunder. In the event Peoples is required to pay such tax, the amount of the tax shall be billed directly to Pool Operator.

7. This Agreement and the respective obligations of the parties hereunder are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.

8. The subject headings of the articles of this Agreement are inserted for the purpose of convenient reference and are not intended to be a part of the Agreement nor considered in any interpretation of the same.

9. The interpretation and performance of this contract shall be in accordance with the laws of the Commonwealth of Pennsylvania.

10. Except as otherwise provided herein, this Agreement shall constitute the entire agreement between the Pool Operator and Peoples covering the subject matter hereof, and there are no agreements, modifications, conditions or understandings, written or oral, expressed or implied, pertaining to the subject matter hereof which are not contained herein.

11. In addition to any liability for imbalances or other changes as required in this Agreement, the sole and exclusive remedy shall be actual damages; and all other remedies or damages at law or in equity, except anticipatory repudiation claims, are expressly waived. Neither party is liable for incidental, consequential, punitive, exemplary or indirect damages, lost profits or any other business interruption damages, in tort, contract or otherwise under any indemnity provision or otherwise. Indemnities and limitations of liability are without regard to cause, including a party's sole, joint, concurrent active or passive negligence but neither party is liable for any claims resulting from the other party's gross negligence, willful misconduct or bad faith.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and witnessed, or their respective corporate seals to be hereto affixed and attested, the day and year first above written.

PEOPLES NATURAL GAS COMPANY LLC

By: _____
Name: _____
Title: _____
Date: _____
Approved by Counsel: _____

By: _____
Name: _____
Title: _____
Date: _____

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Appendix A

1. System: Peoples – Equitable Division

The natural gas distribution system defined in the Retail Tariff noted in Section 2 below and located in certain portions of the following Counties: Allegheny, Armstrong, Butler, Clarion, Fayette, Greene, Indiana, Jefferson, Washington, and Westmoreland.

2. Tariff: Rates and Rules for Gas Service in City of Pittsburgh and Territory Adjacent Thereto, PA. P.U.C. No. 46. Specifically, but not limited to Rule 11, Rate FPS and Rate GPS.

3. Billing Options:

Available billing options depend on the Pool Operator's election to participate or not participate in Peoples' Purchase of Receivables ("POR") program.

Prior to the delivery of this executed Agreement to Peoples, Pool Operator must elect either the Option 1 - POR or Option 2 – Non-POR billing option outlined below; however, in the event Pool Operator executes and delivers this Agreement to Peoples without having made its election below by marking the box next to either Option 1 or Option 2, Peoples shall render the bills based on Option 2b.

☐ **OPTION 1 – POR**

Initial **if**
selected

Peoples offers a POR option to P-1/Firm pool operators in accordance with Tariff Rule 11.28, Purchase of Receivables (POR). Under Option 1 - POR, the Company will purchase receivables for all customers within the P-1/Firm POR pool. A Pool Operator may not operate more than one P-1/Firm POR pool in each operating division of the Company.

If Option 1 - POR is selected, then Consolidated Billing is mandatory for Pool Operator's P-1/Firm POR pool and, accordingly, there is no option between Consolidated and Dual Billing. Under Consolidated Billing, Peoples shall bill the Ratepayer for transportation service, for any applicable charges under the Tariff, and for gas supplies sold to Ratepayer by the Pool Operator. Peoples billing service shall be subject to the terms and conditions described in the Tariff, including but not limited to Tariff Rule 11.15, Billing Service. Nothing contained herein shall preclude Peoples from adjusting the billing methodology, including but not limited to the billing fee. If, in Peoples' sole judgment, Peoples is unable to perform billing functions for Pool Operator under Option 1, then Pool Operator must select Option 2.

By selecting the POR Option, Pool Operator confirms that it advises its customers, through its terms and conditions for service, of Peoples' collection rights, and the customer's payment obligations, upon Peoples' purchase of Pool Operator's receivables.

Initial if
selected

☐ **OPTION 2 – Non-POR** (both Consolidated Billing and Dual Billing are available to Pool Operator under Option 2 – Non-POR)

Under Option 2 - Non-POR, the Company will not purchase receivables for customers within the P-1/Firm Non-POR pool. A Pool Operator may not operate more than one P-1/Firm Non-POR pool in each operating division of the Company.

Pool Operator shall select among the following billing service options for Pool Operator's P-1/Firm Non-POR Pool. Pool Operator may have some customers in the P-1/Firm Non-POR Pool billed using the Consolidated Billing option and have the remaining P-1/Firm Non-POR Pool customers billed using the Dual Billing option. Going forward, Pool Operator may change its P-1/Firm Non-POR Pool billing options in accordance with Peoples' procedures in effect at the time of the requested change.

Initial if
selected

☐ **a. Consolidated Billing.** Peoples shall bill the Ratepayer for transportation service, for any applicable charges under the Retail Tariff, and for gas supplies sold to Ratepayer by the Pool Operator. Peoples agrees to bill on behalf of Pool Operator for gas supplies, subject to the terms and conditions described in the Tariff, including but not limited to Tariff Rule 11.15, Billing Service. Nothing contained herein shall preclude Peoples from adjusting the billing methodology, including but not limited to the billing fee. If, in Peoples' sole judgment, Peoples is unable to perform billing functions for Pool Operator, then Pool Operator must select Option 2b.

Initial if
selected

☐ **b. Dual Billing.** Peoples shall bill the Ratepayer for transportation service and any applicable charges under the Retail Tariff. Pool operator shall bill the Ratepayer for gas supplies sold to Ratepayer by Pool Operator.

Peoples shall bill Pool Operator a billing charge of \$.30 per Ratepayer per month. To the extent Pool Operator provides Peoples with inaccurate or erroneous information which requires an adjustment to a Ratepayer's bill, Pool Operator agrees to pay Peoples \$2.00 per bill to issue a bill-credit and \$4.00 per bill for any bill that must be cancelled and rebilled. Peoples may assess a nominal fee to Pool Operator for reproduction copies of any daily or monthly file previously provided by Peoples.

**PEOPLES NATURAL GAS COMPANY
LLC**

By: _____
Name: _____
Title: _____
Date: _____
Approved by Counsel: _____

By: _____
Name: _____
Title: _____
Date: _____