

STATE OF MARYLAND
PUBLIC SERVICE COMMISSION

ORDER NO. 88276

IN THE MATTER OF THE APPLICATION
OF EASTON UTILITIES COMMISSION
FOR AUTHORITY TO INCREASE ITS GAS
AND ELECTRIC RATES

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

CASE NO. 9441

Issued: June 19, 2017

PROPOSED ORDER OF PUBLIC UTILITY LAW JUDGE

Appearances:

Marta D. Harding, Esquire, on behalf of Easton Utilities Commission.

Jacob Ouslander, Esquire, and Mikhail Raykher, Esquire, on behalf of the Maryland Office of People's Counsel.

Peter A. Woolson, Esquire, and Annette B. Garofalo, Esquire, on behalf of Technical Staff of the Public Service Commission.

Procedural History

On February 27, 2017, Easton Utilities Commission ("Easton" or "Applicant" or "EUC") filed separate applications for authority to increase its rates and charges for its electric services and for its gas services ("Application") in accordance with §§ 4-203 and 4-204 of the Public Utilities Article, *Annotated Code of Maryland* ("PUA"). Accompanying each application was supporting testimony and exhibits, including proposed revised tariff pages effective within 30 days of the filing date of each

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application.¹ The Applicant requested an increase in electric revenues by approximately \$3,813,000 and in gas revenues by approximately \$694,000.

In support of its requests, Easton filed the testimony of the following persons: Hugh E. Grunden, President and CEO of Easton, who provided a background on the services Easton provides, the number of customers who receive service from each of the departments, and an overview of each department; Steve Ochse, Vice President and Chief Financial Officer, who explained and supported the adjustments made by Easton to the per book results of each department's operations as of June 30, 2016; Dawn Lund, Vice President of Utility Financial Solutions, LLC, who described the methodology for determining the requested rate of return ("ROR") for each department; and Debbie L. Gajewski and Paul M. Normand, Management Consultants with Management Applications Consulting, Inc., who explained the cost of service study conducted for the gas service and for the electric services, proposed a rate design for each of the departments, and recommended an increase in the customer charge for each customer class.

By Order No. 88050, issued on March 1, 2017, the Maryland Public Service Commission ("Commission") consolidated review of the applications into one docketed proceeding, suspended the Town's proposed tariff revisions, pursuant to § 4-204(b)(2)(i)

¹ Easton Exhibit ("Ex.") 3, Gas Rate Application and the accompanying supporting documents, including the testimony of Easton's witnesses and proposed tariff revisions; Easton Ex. 4, Electric Rate Application and the accompanying supporting documents, including the testimony of Easton's witnesses and proposed tariff revisions.

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of the PUA, for a period of 150 days from the effective date of March 29, 2017 (which suspension period was later extended by an additional 30 days),² and delegated the matter to the Public Utility Law Judge Division to conduct the proceedings.

On March 29, 2017, a pre-hearing conference was held in the matter and a Notice of Procedural Schedule was issued.

On May 8, 2017, OPC filed the testimony of David E. Peterson, a Senior Consultant employed by Chesapeake Regulatory Consultants, Inc., who testified as to his recommended adjustments to Easton's requested revenue requirements, including his recommended rate of return for Easton's gas service operations and electric service operations, and his conclusions as to Easton's cost of service studies and the proposed rate designs for the residential class.³

On May 8, 2017, Staff filed the testimony of the following persons:⁴ Jamie A. Smith, Director of the Commission's Accounting Investigations Division, who presented his analysis and recommendations regarding Easton's requested revenue requirements;⁵ Mark Ashland, a Public Utility Auditor in the Commission's Accounting Investigations Division, who presented his analysis and recommendations regarding adjustments to Easton's proposed level of

² See Order No. 88144 issued on April 19, 2017.

³ OPC Ex. 1, Direct Testimony of David E. Peterson dated May 8, 2017 ("Peterson Direct").

⁴ Staff's pre-filed testimony was admitted into the record over the objection of Staff. Neither the Applicant nor OPC objected to the admission of Staff's pre-filed testimony.

⁵ Staff Ex. 6, Direct Testimony and Exhibits of Jamie A. Smith dated May 8, 2017 ("Smith Direct").



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operating income (i.e., adjustments to the Rate Case Expense for both the electric department and the gas department);⁶ Joanne Hernandez, a Public Utility Auditor in the Commission's Accounting Investigations Division, who presented her analysis and recommendations regarding adjustments to Easton's proposed level of operating income for both the electric department and the gas department, including adjustments to Incentive Compensation Payments, Contributions and Donations Expense, Promotional Expense Costs, and Employee Activity Costs;⁷ Phillip E. VanderHeyden, Director of the Commission's Electricity Division, who presented his analysis and recommendation for the appropriate rate of return to be authorized to Easton for its gas and electric department operations;⁸ Loubens Blaise, a Regulatory Economist in the Commission's Electricity Division, who discussed his analysis of Easton's proposed electric service rate design and his resulting recommendations;⁹ Drew M. McAuliffe, a Regulatory Economist in the Commission's Electricity Division, who presented his analysis and recommendations regarding Easton's cost of service study for its electric service operations;¹⁰ and Tanu Jeffery Pongsiri, who discussed his analysis and recommendations regarding Easton's gas

⁶ Staff Ex. 7 (Public) and 7C (Confidential), Direct Testimony and Exhibits of Mark Ashland dated May 8, 2017 ("Ashland Direct").

⁷ Staff Ex. 5, Direct Testimony and Exhibits of Joanne Hernandez dated May 8, 2017 ("Hernandez Direct").

⁸ Staff Ex. 2, Direct Testimony of Phillip E. VanderHeyden dated May 8, 2017 ("VanderHeyden Direct").

⁹ Staff Ex. 4, Direct Testimony and Exhibits of Loubens Blaise dated May 8, 2017.

¹⁰ Staff Ex. 3, Direct Testimony and Exhibits of Drew M. McAuliffe dated May 8, 2017.



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cost of service study and Easton's proposed rate design for its gas distribution service.¹¹

On May 24, 2017, a Notice of Modification of Procedural Schedule was issued to extend the filing dates by which the rebuttal and surrebuttal testimony were due pursuant to the request of the Parties.

On May 31, 2107, a hearing for public comment was held in Easton. One member of the public commented at the hearing and was concerned with the length of time that had passed since the last rate case and the impact of the proposed rate increase on customers with fixed incomes.

On June 5, 2017, pursuant to the request of the Parties, a Notice Suspending Procedural Schedule was issued to allow the Parties time to memorialize the terms and conditions of a settlement that the Parties had agreed to in principle.

On June 12, 2017, a Settlement Agreement and Joint Motion for Approval of Increase in Base Rates for Gas and Electric Service ("Settlement Agreement" or "Settlement") was filed.¹² On June 12, 2017, Staff filed Testimony in Support of Settlement Agreement of Tanu Jeffrey Pongsiri and Jamie A. Smith¹³ and

¹¹ Staff Ex. 1, Direct Testimony of Tanu Jeffrey Pongsiri dated May 8, 2017.

¹² Joint Parties Ex. 1.

¹³ Staff Ex. 9, Testimony in Support of Settlement Agreement of Tanu Jeffrey Pongsiri & Jamie A. Smith dated June 12, 2017.



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Testimony in Support of Settlement Agreement of Loubens Blaise and Jamie A. Smith.¹⁴

On June 15, 2017, an evidentiary hearing was held to consider the Settlement Agreement and to admit pre-filed testimony into the record.

Overview of Easton's Gas Service and Electric Service Operations

The Easton Utilities Commission maintains and operates an electric department, a gas department, a water and wastewater department, a cable television and internet department, and an IT Professional Services department.¹⁵ The Town of Easton ("Town") owns all the plant, equipment, materials, and supplies that form a part of the system of utilities.¹⁶ The Town has exclusive authority to borrow money for capital improvements and has reserved the authority to review the rates and charges of the Applicant.¹⁷ EUC has been delegated the operational and maintenance authority and responsibility over the system of utilities.

According to Mr. Grunden, the Applicant is earning significantly less than the authorized rate of return, and wants

¹⁴ Staff Ex. 8, Testimony in Support of Settlement Agreement of Loubens Blaise & Jamie A. Smith dated June 12, 2017.

¹⁵ Prepared Direct Testimony of Hugh E. Grunden accompanying the Gas Rate Application ("Grunden Direct - Gas") at 2; Prepared Direct Testimony of Hugh E. Grunden accompanying the Electric Rate Application ("Grunden Direct - Electric") at 2.

¹⁶ *Id.*

¹⁷ The Town Council of Easton unanimously approved the electric rate and gas rate increase on February 20, 2017, conditioned on a two-step phase-in of the increase, with one-half of the increase to be implemented for bills rendered on or after July 1, 2017, and the remaining one-half of the increase to be implemented for bills rendered on or after January 1, 2018. See Grunden Direct - Gas at 3; Grunden Direct - Electric at 4.

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the opportunity to earn the authorized rate of return.¹⁸ He noted that the Electric Department pays the Town an amount equal to 4.5% on the net invested capital of the Electric Department as a payment in lieu of municipal taxes.¹⁹ Further, the Electric Department has its own generating capacity, which began operating in 1915.²⁰ The number of new customers since the Electric Department's last rate case in 2008 has increased by less than 3% overall.²¹ The Electric Department has invested in its electric plant more than \$27 million dollars since the 2008 rate case, which investments include two transmission lines, replacement of underground primary circuits in a number of subdivisions, and upgrade of Substation No. 1.²²

The Gas Department, at end of June 20, 2008, had an average of 4206 gas customers; as of June 30, 2016, it had an average of 4547 customers.²³ The Gas Department has made a net investment of more than \$4 million dollars since filing its last rate case in 2009 and has experienced increases in operating costs over the past several years.²⁴

Summary of the Settlement

According to the Settlement Agreement, the settlement among the Parties represents a full settlement and compromise of

¹⁸ Grunden Direct - Gas at 3; Grunden Direct - Electric at 4.

¹⁹ Grunden Direct - Electric at 3.

²⁰ *Id.*

²¹ *Id.* at 4.

²² *Id.* at 5.

²³ Grunden Direct - Gas at 4.

²⁴ *Id.*



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Easton's applications. The Parties agreed that Easton may revise its rates for gas service to produce a projected overall increase in annual gross operating revenues of \$425,000 and may revise its rates for electric service to produce a projected overall increase in annual gross operating revenues of \$2.7 million. The revenue increases will be implemented in two steps: in the first step, to be effective for bills rendered on or after July 1, 2017, the agreed-upon rates are designed to produce an annualized gas base rate increase of \$212,500 and an annualized electric base rate increase of \$1,350,000. In the second step, to be effective for bills rendered on or after January 1, 2018, the agreed-upon rates are designed to produce an annualized gas base rate increase of \$212,500 and an annualized electric base rate increase of \$1,350,000. An increase in customer charges, volumetric rates, or demand charges (when applicable) will be implemented on both July 1, 2017, and January 1, 2018.²⁵ Attached to the Settlement Agreement are the revised tariff pages for both the gas service and the electric service that reflect the agreed upon volumetric rates and customer charges for all classes of customers as well as any changes in demand charges billed to non-residential customer classes.

Further, the Parties agreed that Easton shall be authorized a 4.18% rate of return for both its electric and gas services. Easton also agreed to provide a lead-lag study to

²⁵ A comparison chart for each of the current and agreed-upon gas base rates and charges and electric base rates and charges is attached to the Proposed Order as Appendix I.

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support the inclusion of cash working capital in its next rate case; in the event it files rate applications for both the gas department and the electric department simultaneously, Easton may elect to provide a lead-lag study for either the gas department rate application or the electric department rate application at its discretion. This settlement provision clarified that Easton is not prohibited from conducting a lead-lag study for both departments in any future rate case nor is any party prevented from challenging Easton's lead-lag study or a waiver of any party's right to contest the inclusion of any cash working capital that is not supported by a lead-lag study. Easton also agreed, within 30 days of the execution of the Settlement Agreement by all Parties, to review its employee incentive compensation policy to remove the requirement that a financial goal be achieved in order for any incentive compensation to be paid and to provide a copy of the revised policy to Staff and OPC.

The Parties agreed to accept all tariff changes proposed by Easton in Case No. 9441 and as reflected in the tariffs attached to the Settlement Agreement. Pursuant to the settlement, Easton agreed to withdraw any tariff changes contained in the filing submitted as part of Case No. 9441 pertaining to its line extension rates and policies and will present those changes to the Commission by separate application. It also agreed to change its tariff definition for "contribution in aid of construction."

Finally, the Parties stipulated and agreed to a number of general terms and conditions. Among these general terms and



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conditions, the Parties waived any evidentiary hearing in the matter, except for consideration of the reasonableness of the Settlement Agreement, and agreed that acceptance by the Commission will not be deemed as a determination by the Commission on the merits of any issue raised by any party during the proceeding. Further, the Parties conditioned the Settlement upon Commission acceptance of its terms in their entirety; in the event the Commission does not accept and approve the Settlement Agreement in its entirety, the Settlement Agreement is deemed withdrawn and will not constitute any part of the record in this proceeding or be used for any other purpose whatsoever. Each party also agreed to waive its right to appeal to the Commission a Proposed Order accepting the Settlement Agreement as well as its right to seek judicial review of a Commission order approving the Settlement Agreement without modification.

Discussion and Analysis

Prior to the agreement among the Parties, Easton had submitted its case-in-chief, which included its support for its requested revenue increase for both its electric services and gas services. OPC and Staff each conducted its own independent review and analysis of the Easton application and accompanying testimony and exhibits as well as conducted extensive discovery to investigate the reasonableness of Easton's requested revenue increases. OPC and Staff each recommended adjustments to Easton's electric and gas rate base and operating income resulting in a reduction in the

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revenue requirements requested by Easton, challenged the rate of return analysis conducted by Easton, and recommended modifications to Easton's gas and electric rate designs. Despite the initial disparate positions taken by each of the Parties, the Parties were able to negotiate a Settlement Agreement, which each agreed, taken as a whole, is in the public interest.²⁶

Historically, the Commission has found a unanimous settlement agreement to be reasonable when it has been submitted "by parties who normally have adverse interests."²⁷

The purpose of litigating various adjustments or expense and rate base items is to challenge the reasonableness of the overall rate increase requested by a company ... In a settlement, in contrast, adverse parties settle on an overall revenue requirement taking into account the position they would have advanced in further litigation and assessing the likelihood of prevailing on any particular issue.²⁸

Even upon a finding that a settlement is reasonable, the resulting rates also must be found to be "just and reasonable"²⁹ and not an undue burden to one customer class more than another.³⁰

In this proceeding, the record contains Easton's evidence in support of its request, which has been reviewed and

²⁶ See Settlement at 5.

²⁷ See *Re Delmarva Power and Light Company*, 102 MD PSC 236, 240 (2011); *Re Potomac Electric Power Company*, 90 Md. P.S.C. 329, 339 (1999).

²⁸ *Re Washington Gas Light Company*, Case No. 8545, 84 Md. P.S.C. 274, 277 (1993).

²⁹ See Md. Ann. Code Publ. Util. Art., § 4-102; See also *Re Delmarva Power and Light Company*, 102 Md. P.S.C. at 240.

³⁰ See *Re Potomac Electric Power Co.*, 80 Md. P.S.C. 61, 64 (1986).



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analyzed by the other Parties' accountants, economists, and/or other well-qualified consultants who are knowledgeable in and have experience applying ratemaking principles, the Maryland law governing rates, and Commission precedent. In reaching a unanimous settlement, the record reflects that the Parties were fully aware of each of the other Parties' positions while negotiating the settlement.

Moreover, I have carefully evaluated all of the testimonies and associated exhibits, thoroughly examined the issues identified by the Parties and the basis for each, and have considered the entire record, including the public comments. After conducting this comprehensive review, I find the overall Settlement reasonable and the agreed-upon revenue requirements within a range of reasonableness had issues identified by OPC and Staff been fully litigated. I further find that it is in the public interest to approve the Agreement without requiring the Parties to incur additional costs or invest additional resources to litigate the identified issues. Finally, I find the agreed-upon electric and gas base rates are just and reasonable without an undue burden to any one class of customers.

Revenue Requirement

Each of the Parties' positions as to the appropriate amount of the revenue increase is summarized in the table below.



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	Electric Revenue Increase	Gas Revenue Increase
Easton	\$3,813,162	\$693,911
OPC	\$2,062,612	\$192,025
Staff	\$2,665,632	\$504,647

Based on the initial positions of the Parties, there appeared to be no dispute that Easton had evidenced a revenue deficiency for each of its electric service operations and its gas service operations. OPC and Staff each identified certain inclusions by Easton in its electric and gas rate bases and operating income that OPC and Staff each recommended disallowance: (1) OPC recommended exclusion of all post-test year plant addition and retirements in rate base whereas Staff recommended inclusion of six months of the post-test year plant addition;³¹ (2) both OPC and Staff recommended exclusion of an allowance of unrecovered fuel and purchased power costs and a negative allowance to reflect the test year average balance of unrecovered gas costs; (3) both OPC and Staff recommended disallowance of the unbilled revenue included in operating income by Easton; (4) OPC challenged Easton's use of a formula approach to determine the cash working capital included by Easton in its electric and gas rate bases; Staff did not object to the formula method, but used a slightly different factor than Easton to calculate the cash working capital for the electric and gas operations; (5) both OPC and Staff recommended different

³¹ The test year period is the 12-month period ended June 30, 2016.



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allowances for rate case expenses than proposed by Easton; (6) both OPC and Staff objected to the amount of the incentive compensation allowance included in operating income by Easton because one factor for paying the incentive compensation was tied to the financial goals of Easton; and (7) both OPC and Staff recommended exclusion from Easton's operating income any expenses associated with charitable contributions and donations as well as promotional advertising. OPC also made adjustments to Easton's inclusion of construction work in progress, certain employee benefit costs, and interest expense. Staff also made adjustments to Easton's inclusion of customer deposits, a portion of depreciation expenses, and a portion of employee activity costs.

The agreed-upon revenue increase of \$425,000 for Easton gas service operations is less than requested by Easton, somewhat less than that recommended by Staff, and more than recommended by OPC. After review of the adjustments proposed by OPC and Staff to each determine its recommended revenue requirement increase, I conclude the revenue increase agreed to by the Parties for Easton's gas service operations is well within the reasonable range of a revenue requirement that I may have authorized if the matter were fully litigated. Accordingly, I will not modify the agreed-upon revenue requirement for the gas services and will approve it.

The agreed upon revenue increase for Easton's electric service operations of \$2.7 million also falls within the range of the proposed revenue increases set forth in the Parties' pre-filed positions for Easton's electric department. Based on my review of

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the recommended adjustments as reflected in the testimony admitted into the record of each of OPC and Staff, I find that the \$2.7 million revenue increase for the electric service operations is well within a reasonable range of a revenue requirement that I may have authorized if the matter were fully litigated. Accordingly, I will not modify the agreed-upon revenue requirement for Easton's electric service operations and will approve it.

Both OPC and Staff raised an issue as to the amount of the cash working capital included in the rate base for both electric and gas services. The Settlement Agreement includes an agreement by Easton to conduct a lead-lag study to support its inclusion of cash working capital in its next base rate case, but does not require Easton to conduct a separate lead-lag study for both the electric and the gas services in the event it concurrently files a base case for each. I find the term to be a reasonable compromise of the issues raised by OPC and Staff, but does not overly burden Easton in the event it should concurrently file applications for base rate increases in both electric and gas services. I therefore will approve this settlement term.

The Settlement Agreement also includes the agreement by Easton that it will revise its employee incentive compensation policy to remove the requirement that a financial goal be achieved in order for any incentive compensation be paid. This provision appears to be in response to both OPC's and Staff's adjustments recommended for the incentive compensation expenses that Easton included in its operating income for the gas and electric

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departments. I find the term to be a reasonable compromise of the issues raised by OPC and Staff. I therefore approve this term of the Settlement Agreement.

Rate of Return

In its applications, Easton requested a rate of return for its electric services of 6.0% and a rate of return for its gas services of 5.9%. OPC's recommended rate of return for both electric services and gas services was 3.5%. Staff's recommended rate of return for both electric services and gas services was 4.18%. In the Settlement Agreement, the Parties agreed upon a rate of return of 4.18% for both the electric services and the gas services.

To determine an appropriate rate of return for Easton's gas and electric operation, Easton's witness Lund used a rate of return formula, which included as one component of the formula, a 20-year construction cost index. She explained that the intent of the formula is to reach a "break-even" rate of return to avoid making a profit for the utility. For the electric service operations, Ms. Lund calculated a rate of return of 8.9%, but she did not recommend the rate of return be set at this percentage level. The Company determined a rate of return of 6.0% was appropriate for the electric department. For the gas department, Ms. Lund calculated a 5.9% target rate of return percentage, and

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the Applicant requested this rate of return percentage for its gas department.

Neither OPC nor Staff agreed with Ms. Lund's use of the rate of return formula to calculate a rate of return for Easton. OPC recommended the rate of return for both of Easton's departments be established with reference to 30-year US Treasury Bonds. Based on his analysis, OPC witness Peterson recommended a 3.5% rate of return for both the gas and electric departments. Staff also based its analysis of the appropriate rate of return on reference to 30-year US Treasury Bonds, and recommended a 4.18% rate of return for both the gas and electric departments.

After reviewing the methodology by which each of the Parties' witnesses recommended an appropriate authorized rate of return for Easton's gas and electric department, I conclude that the 4.18% rate of return is reasonable as supported by the testimony of Mr. VanderHeyden. I therefore find that the 4.18% rate of return is reasonable and is well within the range of the rate of return that I may have authorized had the matter been fully litigated.

Rate Design and Proposed Rates

In review of the testimony concerning the cost of service study submitted by Easton for its gas services and electric services, no Party recommended that the cost of service studies be rejected. The appropriate increase in the customer charge for the



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residential customers for both gas services and electric services was an issue raised by both OPC and Staff. The position on the appropriate residential gas service customer charge and the agreed upon customer charge is set forth in Table 1 below, and the position on the appropriate residential electric service customer charge and the agreed upon customer charge is set forth on Table 2:

Table 1 - Proposed Residential Gas Service Customer Charge

	Current	Proposed	Settlement	
			7/1/17	1/1/18
Easton	\$9.65	\$14.50	\$10.33	\$11.00
OPC	\$9.65	\$10.71	\$10.33	\$11.00
Staff	\$9.65	\$11.00	\$10.33	\$11.00

Table 2 - Proposed Residential Electric Service Customer Charge

	Current	Proposed	Settlement	
			7/1/17	1/1/18
Easton	\$5.00	\$7.92	\$5.50	\$6.00
OPC	\$5.00	\$6.15	\$5.50	\$6.00
Staff	\$5.00	\$6.00	\$5.50	\$6.00

The agreed upon residential charges are far less than those proposed by Easton. After implementation of the second phase of base rate increases, the residential customer charges will be equivalent to those proposed by Staff. Had the matter been litigated, I find that the agreed upon residential charges as well



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as the customer charges for the other customer classes are well within the range of reasonableness and I will accept them.

I further find that the two-step phased-in approach to increase the base rates, is beneficial to the customers as it moves the base rates and charges gradually to the full base rate increase and may reduce any rate shock that could have been associated with the full base rate increase being implemented at one time. Although any rate increase may have an adverse impact on the ratepayer, the two-step increase also may allow a ratepayer to take necessary action to prepare for the increase in rates and charges that will occur for bills rendered on and after January 1, 2018. Moreover, as the base rate increase also is allocated to volumetric rates, a customer may be able to reduce the overall energy bill by implementing energy efficiency measures.

Tariff Revision

No specific issues were raised by either OPC or Staff as to the tariff provision in the pre-filed testimony. In the Settlement Agreement, Easton has agreed to withdraw tariff changes pertaining to its line extension rates and policies and present those changes to the Commission by separate application. It also agreed to modify the tariff definition for "contribution in aid of construction." After carefully reviewing the revised tariffs attached to the Settlement Agreement, I find the proposed revisions



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are reasonable, will accept them, and will approve the terms within the Settlement Agreement pertaining to Easton's revised tariffs.

Appeal Period

The Parties have agreed that Easton may implement the agreed-upon rates effective July 1, 2017. If the Settlement Agreement is approved without modification in the Proposed Order (as it is), each of the Parties has agreed not to appeal a Proposed Order approving the Agreement. Consequently, a shortened appeal period may be warranted under these circumstances, although the Parties did not specifically request a shortened appeal period. I recognize that a shortened appeal period reduces the time in which the Commission may review the Proposed Order and determine whether it wishes to initiate any further proceedings in the matter.

In light of my findings that (1) the revenue increases are within a range of reasonableness and (2) the resulting base rates are just and reasonable, I conclude that a shortened appeal period is not unreasonable based on the record which supports the findings and decisions made in this Proposed Order. Accordingly, as permitted by § 3-113(d)(2) of the Public Utilities Article, this Proposed Order will become a final Order on July 1, 2017, unless on or before June 30, 2017, an appeal is noted with the Commission or the Commission modifies or reverses the Proposed Order or initiates further proceedings in the matter.



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Conclusion

After carefully reviewing the full record in this matter, including the public's comments, I find that the terms and conditions of the Settlement Agreement are reasonable and approval of the Agreement is in the public interest. I further find that the agreed upon base rates and the phase-in of the base rates in two steps are just and reasonable. I therefore will approve the Settlement Agreement without modification and grant the Motion for Approval of Increase in Base Rates for Gas and Electric Service.

IT IS THEREFORE, this 19th day of June, in the year Two Thousand Seventeen,

ORDERED: (1) That the application of Easton Utilities Commission, filed on February 27, 2017, seeking an increase in its rates and charges for electric services of \$3,813,162 is hereby denied.

(2) That the application of Easton Utilities Commission, filed on February 27, 2017, seeking an increase in its rates and charges for gas services of \$693,911 is hereby denied.

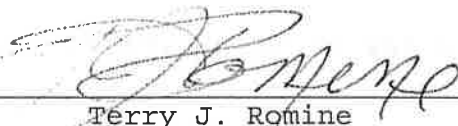
(3) That the Settlement Agreement and Joint Motion for Approval of Increase in Base Rates for Gas and Electric Service, filed on June 12, 2017, and replacement Exhibits filed on June 14, 2017, is hereby accepted and approved and granted, respectively, and is hereby incorporated into the Proposed Order by reference and attached hereto.



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(4) That Easton Utilities Commission is hereby authorized to file revised tariffs for an increase in its base rates for gas and electric services in accordance with the Settlement Agreement and Joint Motion for Approval of Increase in Base Rates for Gas and Electric Service.

(5) That this Proposed Order will become a final order of the Commission on July 1, 2017, unless before that date an appeal is noted with the Commission (along with the memorandum of appeal) by any party to this proceeding as provided in Section 3-113(d)(2) of the Public Utilities Article, or the Commission modifies or reverses the Proposed Order or initiates further proceedings in this matter as provided in Section 3-114(c)(2) of the Public Utilities Article.


Terry J. Romine
Chief Public Utility Law Judge
Public Service Commission of Maryland



COMPARISON CHART OF CURRENT AND AGREED-UPON GAS BASE RATES AND CHARGES

Customer Charge – Gas

	Current	Step 1	Step 2
Residential	\$9.65	\$10.33	\$11.00
Commercial	\$33.25	\$33.25	\$33.25
Large Commercial & Industrial (C&I)	\$205.00	\$214.00	\$214.00

Volumetric Charge (per ccf) – Gas

	Current	Step 1	Step 2
Residential	\$0.3430	\$0.3903	\$0.4375
Commercial	\$0.1958	\$0.2307	\$0.2655
Large C&I			
<i>Up to 10,000 ccf</i>	\$0.1500	\$0.1723	\$0.1945
<i>Over 10,000 ccf</i>	\$0.1113	\$0.1232	\$0.1350

COMPARISON CHARGE OF CURRENT AND AGREED-UPON ELECTRIC BASE RATES AND CHARGES

Customer Charge – Electric

	Current	Step 1	Step 2
Residential	\$5.00	\$5.50	\$6.00
General Service Secondary – Small (GSS-S)	\$9.65	\$10.91	\$12.17
General Service Secondary – Large (GSS-L)	\$25.00	\$28.25	\$31.50
General Service – Primary (GS-P)	\$75.00	\$84.67	\$94.33
Street Lighting	N/A	N/A	N/A

Volumetric Charge (per kWh) - Electric

	Current	Step 1	Step 2
Residential			
<i>June through Sept.</i>			
<i>First 1,000 kWh</i>	\$0.0400	\$0.0450	\$0.0500
<i>Excess kWh</i>	\$0.0400	\$0.0450	\$0.0500
<i>Oct. through May</i>			
<i>First 1,000 kWh</i>	\$0.0400	\$0.0450	\$0.0500
<i>Excess kWh</i>	\$0.0250	\$0.0300	\$0.0350
GSS-S			
<i>First 10,000 kWh</i>	\$0.04300	\$0.0478	\$0.05256
<i>Excess kWh</i>	\$0.0260	\$0.0308	\$0.03556
GSS-L			
<i>First 10,000 kWh</i>	\$0.03570	\$0.0470	\$0.05835
<i>Excess kWh</i>	\$0.02100	\$0.0232	\$0.02538
GS-P			
<i>First 10,000 kWh</i>	\$0.03000	\$0.03760	\$0.04518
<i>Excess kWh</i>	\$0.01900	\$0.02140	\$0.02374
Street Lighting	\$0.0322	\$0.0391	\$0.0459

**COMPARISON CHARGE OF CURRENT AND AGREED-UPON ELECTRIC BASE
RATES AND CHARGES (cont'd)**

Demand Charge (> 15kW) – Non-Residential Customers – Electric

	Current	Step 1	Step 2
GSS-S	\$4.00	\$4.52	\$5.04
GSS-L	\$3.75	\$4.22	\$4.69
GS-P	\$3.50	\$3.95	\$4.40

BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

IN THE MATTER OF THE
APPLICATION OF EASTON
UTILITIES COMMISSION
FOR AUTHORITY TO INCREASE
ITS GAS AND ELECTRIC RATES.

*
*
*
*
*

Case No. 9441

**SETTLEMENT AGREEMENT AND JOINT MOTION FOR
APPROVAL OF INCREASE IN BASE RATES FOR GAS AND ELECTRIC SERVICE**

This Settlement Agreement and Joint Motion for Approval of Increase in Rates for Gas and Electric Service is made and entered into by Easton Utilities Commission ("Easton"), Staff of the Public Service Commission of Maryland ("Staff"), and the Maryland Office of People's Counsel ("OPC") (each, a "Party" and collectively, the "Parties"). The Parties jointly request the Commission to enter an Order approving the Settlement described below and authorizing Easton to increase its rates for gas and electric service in accordance with the Settlement.

Preamble

On February 27, 2017, Easton filed Applications for authority to: (1) increase its gas rates and charges to produce an increase in annual operating revenues of approximately \$694,000, or a 13.6 percent increase over its existing revenues, and (2) increase its electric rates and charges to produce an increase in annual operating revenues of approximately \$3,813,000, or a 15 percent increase over its existing revenues (jointly referred to as "Applications"). In its Applications, Easton also sought to make various changes to its gas and electric rate designs based on cost of service studies filed with the Applications, as well as to make various changes to its tariffs. Easton also filed supporting direct testimony and exhibits with its Applications.

By Order No. 88050, issued March 1, 2017, the Public Service Commission of Maryland ("Commission") suspended the proposed rates for a period of not more than 150 days from

March 29, 2017 (subsequently changed to 180 days from such date by Order No. 88144) and ordered that proceedings be conducted on the justness and reasonableness of the proposed rates.

On March 29, 2017, the Public Utility Law Judge Division issued a procedural schedule for the Applications. Thereafter, Commission Staff and the Office of People's Counsel ("OPC") conducted extensive discovery with respect to the Applications.

On May 8, 2017, Staff filed the direct testimony of various witnesses, in which Staff supported a gas revenue increase of \$504,647 and an electric revenue increase of \$2,665,632. On the same day, OPC filed the direct testimony of its expert witness in which OPC supported a gas revenue increase of \$192,025 and an electric rate increase of \$2,062,612. Both Staff and OPC witnesses supported certain changes in the gas and electric rate designs proposed by Easton.

Thereafter, the Parties engaged in extensive settlement discussions with respect to the Applications, as a result of which the Parties agreed to the Settlement set forth below.

Settlement Agreement

The Parties agree as follows (the "Settlement"):

- (1) Easton is entitled to revise its rates for gas service so as to produce a projected overall increase in annual gross operating revenues of \$425,000.
- (2) Easton is entitled to revise its rates for electric service so as to produce a projected overall increase in annual gross operating revenues of \$2,700,000.
- (3) The gas revenue increase shall be implemented in two steps, the two steps to be effective for bills rendered on or after July 1, 2017 and January 1, 2018, respectively, with the revised rates and charges shown in the revised tariff attached hereto as Exhibit 1 (redlined) and Exhibit 2 ("clean"). As shown on the revised tariff pages attached, the Parties agree that for the

first step increase, designed to produce an annualized base rate increase of \$212,500, the customer charges shall be: \$10.33 (Residential), \$33.25 (Commercial), \$214.00 (Large Commercial & Industrial). This revised tariff shall be effective with bills rendered on and after July 1, 2017. The Parties further agree that for the second step increase, designed to produce an annualized base rate increase of \$212,500, the customer charges shall be: \$11.00 (Residential), \$33.25 (Commercial), \$214.00 (Large Commercial & Industrial). This revised tariff shall be effective with bills rendered on and after January 1, 2018.

(4) The electric revenue increase shall be implemented in two steps, the two steps to be effective for bills rendered on or after July 1, 2017 and January 1, 2018, respectively, with the revised rates and charges shown in the revised tariff attached hereto as Exhibit 3 (redlined) and Exhibit 4 ("clean"). As shown on the revised tariff pages attached, the Parties agree that for the first step increase, designed to produce an annualized base rate increase of \$1,350,000, the Parties agree that the customer charges shall be: \$5.50 (Residential), \$10.91 (General Service — Small), \$28.25 (General Service — Large), and \$84.67 (Primary). This revised tariff shall be effective with bills rendered on and after July 1, 2017. The Parties further agree that for the second step increase, designed to produce an annualized base rate increase of \$1,350,000 the Parties agree that the customer charges shall be: \$6.00 (Residential), \$12.17 (General Service — Small), \$31.50 (General Service — Large), and \$94.33 (General Service - Primary). This revised tariff shall be effective with bills rendered on and after January 1, 2018.

(5) For present purposes and for purposes of any proceeding that may in the future be initiated by Easton pursuant to § 4-207 of the Public Utilities Article of the Annotated Code of Maryland ("PUA"), 4.18 percent shall be the rate of return for both the gas and electric departments that is authorized for Easton. The parties acknowledge and agree that 4.18 percent

shall provide an adequate and appropriate basis for the filing and setting of rates pursuant to PUA § 4-207.

(6) Easton shall provide a lead-lag study to support the inclusion of cash working capital in rate base in its next rate case, provided that if Easton files rate applications for both the gas department and the electric department simultaneously as it did in this case, it shall provide a lead-lag study for either the gas department rate application or the electric department rate application, at Easton's option. This paragraph does not limit Easton's ability to perform lead-lag studies for both the gas department and the electric department in any future rate case should it choose to do so; and shall not affect the right of any party to challenge Easton's lead-lag study, or be construed as a waiver of any party's right to contest the inclusion of any cash working capital that is not supported by a lead-lag study.

(7) As reflected in the revised tariffs attached hereto, Easton agrees to withdraw any tariff changes contained in the filings submitted as part of Case No. 9441 pertaining to its line extension rates and policies and present those changes to the Commission by separate application.

(8) As reflected in the revised tariffs attached hereto, Easton agrees to change its tariff definition for "contribution in aid of construction" to read as follows: "Contribution in Aid of Construction. An amount of money or its equivalent provided to the Company by a Customer toward construction of utility plant. These amounts shall be credited to the accounts charged with the cost of such construction."

(9) The Parties agree to accept all other tariff changes proposed by Easton in Case No. 9441 as reflected in the revised tariffs attached hereto.

(10) Within 30 days of the execution of this Settlement Agreement by all Parties, Easton shall revise its employee incentive compensation policy to remove the requirement that a financial goal be achieved in order for any incentive compensation to be paid and provide a copy of the revised policy to Staff and OPC.

(11) The Parties further stipulate and agree that:

(a) The direct testimonies of Easton and OPC witnesses filed in this proceeding shall be made a part of the record.

(b) Any evidentiary hearings, other than a hearing on the appropriateness of the Settlement, in this proceeding are hereby waived.

(c) This Settlement constitutes a full settlement and compromise of Easton's Applications.

(d) This Settlement represents a compromise of divergent positions in order to end litigation and shall not be regarded as a precedent with respect to any future case and that, except as expressly stated herein, no Party shall be deemed to have approved, accepted, agreed or consented to any ratemaking or tariff principle or any method of cost of service determination, cost allocation or rate design underlying or supposed to underlie any of the matters provided for in this Settlement and that the Parties agree that the resolution of the issues herein, taken as a whole, is in the public interest;

(e) Acceptance by the Commission of this Settlement shall not be deemed nor shall it constitute in any respect a determination by the Commission as to the merits of any of the contentions or allegations which might be made by any of the Parties to the Settlement in the absence of settlement.

(f) The discussions which produced this Settlement have been conducted with the

explicit understanding that all offers of settlement and discussions relating thereto are and shall be privileged and confidential, shall be without prejudice to the position of any Party or participant presenting any such offer or participating in any such discussions, and are not to be used in any manner in connection with this proceeding or otherwise. Since this Settlement is conditioned upon Commission acceptance of its terms in their entirety, as aforesaid, this Settlement shall be submitted to the Commission on the condition that, in the event the Commission does not accept and approve it in its entirety, the Settlement shall be deemed withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever;

(g) Each Party waives its right to appeal to the Commission a Proposed Order of the Hearing Examiner accepting this Settlement in its entirety.

(h) Each Party waives its right to seek judicial review of a Commission order approving this Settlement as filed without modification and shall not take any action before the Commission or a Court in derogation of this Settlement.

(i) Except as otherwise provided herein, each Party reserves all rights to take any position concerning any issue addressed in this Settlement in any future proceedings.

WHEREFORE, the Parties hereto have, by their respective counsel, entered into this Settlement and do hereby respectfully request that the Public Service Commission of Maryland enter an order approving the Settlement and accepting the revised tariff attached hereto for filing.

OFFICE OF PEOPLE'S COUNSEL

BY: Jacob Ouslander / MDH
Jacob Ouslander
Mikhail Raykher
Assistant People's Counsels

STAFF OF THE PUBLIC SERVICE
COMMISSION

BY: Peter A. Woolson / mom
Annette B. Garofalo
Peter A. Woolson
Assistant Staff Counsels

EASTON UTILITIES COMMISSION

BY: Marta D. Harting
Marta D. Harting
Attorney for Easton Utilities Commission

Dated: June 12, 2017

EXHIBIT 1
(Replacement)



GAS SERVICE TARIFF

TERMS, CONDITIONS AND RATE SCHEDULES

(This Gas Service Tariff supersedes P.S.C. Md. No. 82 together with all supplements)

December 1, 2009

July 1, 2017

Easton Utilities
201 N. Washington Street
Easton, MD 21601
(410) 822-6110

Issued: December 1, 2009 <u>July 1, 2017</u>	Signed: Hugh E. Grunden
Effective: December 1, 2009 <u>July 1, 2017</u>	Title: President & CEO

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Issued: December 1, 2009 July 1, 2017	Signed: Hugh E. Grunden
Effective: December 1, 2009 July 1, 2017	Title: President & CEO

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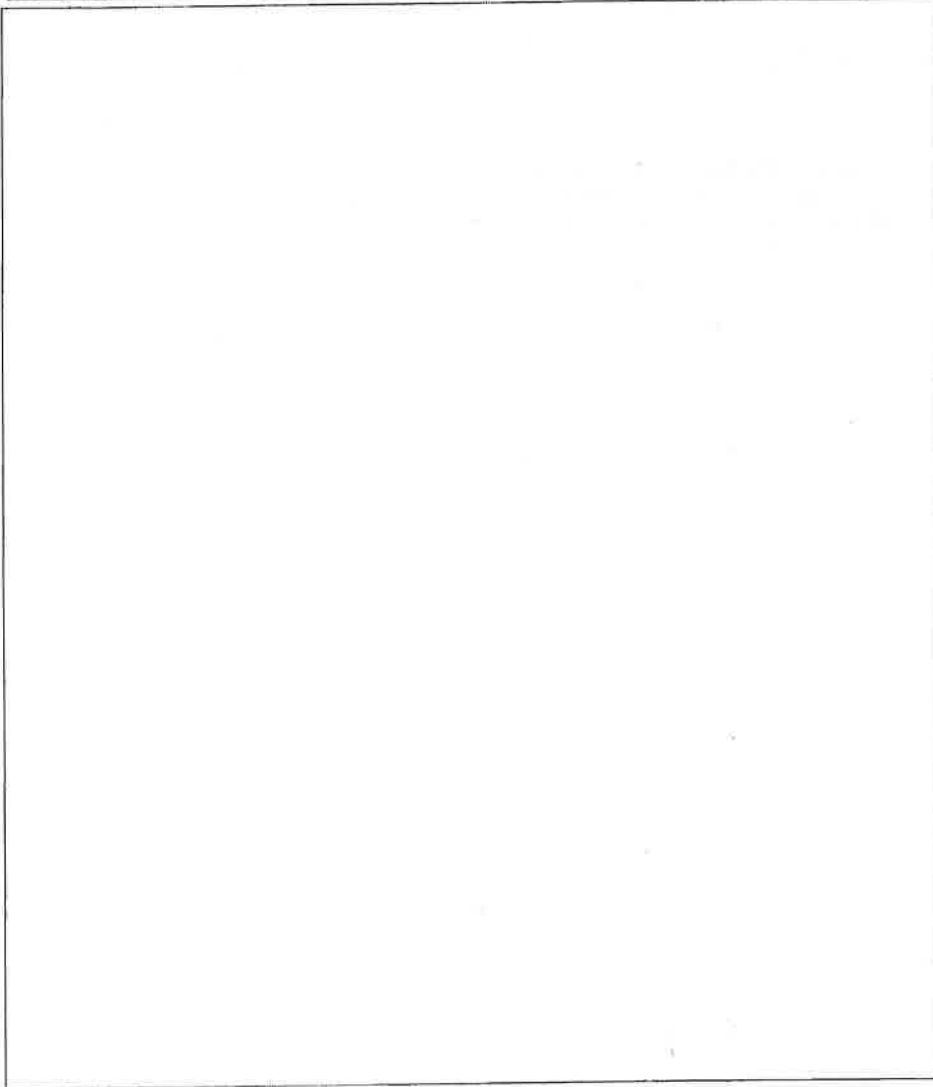
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Gas Service Tariff

The Gas Service Tariff is supplementary to the "Regulations Governing Service Supplied by ~~municipal~~ Gas Companies" of the Maryland Public Service Commission, and comprises the Terms, Conditions and Rates under which gas service will be supplied to its Customers by the Easton Utilities Commission, in three parts as follows:

- I. GENERAL
- II. TERMS AND CONDITIONS
- III. RATES

Issued: December 1, 2009 July 1, 2017	Signed: Hugh E. Grunden
Effective: December 1, 2009 July 1, 2017	Title: President & CEO

PART I - GENERAL

1. Definition of Terms

The words listed below shall have the following meanings when used in this tariff:

Account - An account is one metered or un-metered rate or Service Classification which normally has one gas delivery point of service. Each account shall have only one gas supplier providing full gas supply requirements for that account. Premises may have more than one account.

Applicant - Any person, corporation or other entity that: (i) desires to receive from the Company natural gas or any other service provided for in this Tariff, (ii) complies completely with all Company requirements for obtaining natural gas or any other service provided for in this Tariff, (iii) has filed and is awaiting Company approval of its application for service, or (iv) is not yet actually receiving from the Company any service provided for in this Tariff. An Applicant shall become a Customer for purposes of this Tariff only after the Applicant actually starts receiving the applicable service(s) from the Company under this Tariff.

CCF - One hundred cubic feet equates to one billing unit.

COMAR - Code of Maryland Regulations.

Commission - Public Service Commission of Maryland

Company - Easton Utilities Commission d/b/a Easton Utilities

Contribution in Aid of Construction - An amount of money or its equivalent provided to the Company by a Customer toward construction of utility plant. These amounts shall be credited to the accounts charged with the cost of such construction.

Customer - Any adult person, partnership, association, corporation, or other entity: (i) in whose name an account is listed, (ii) who occupies or is the ratepayer for a premises, building, structure, etc., and (iii) who is primarily responsible for payment of bills. Multiple premises or sites under the same name are considered multiple Customers.

Customer Charge - A charge designed to recover the costs the Company incurs for providing such services as metering, reading the meter(s), customer service, providing dedicated delivery service and billing the Customer's account.

Designee - Any adult person, partnership, association, corporation or other entity who is authorized by the Customer to receive gas meter and billing data.

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Effective: December 1, 2009 July 1, 2017	Title: President & CEO

PART I - GENERAL - (continued)

Distribution Facilities – Natural gas facilities owned by the Company that are used to deliver natural gas to Customers, through and including the gas meter outlet union or flange. This includes natural gas Mains, regulators stations, valves and gas Services.

Extension – Portion of the Company's natural gas distribution system from the Company's existing natural gas system to the Service tap location required to provide service.

Mains – Portion of the Company's natural gas distribution system that brings gas from the gate station to the gas Service.

Premises – A premises is one contiguous property or site which normally has one delivery point of Service and one or more metered service classes, each of which is an Account, that when totaled equals the entire natural gas used at that one premises or site. Multiple premises or sites under the same name are considered multiple Customers.

Residence – Applicable to one-family residences or one-family apartments within the Company's territory for gas service.

Service – Portion of the Company's natural gas distribution system from the gas main to the gas meter.

Service Classification – Service is classified as one of the following rate schedules offered by the Company: Residential Service, Commercial Service, or Large Commercial & Industrial Service.

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Effective: December 1, 2009 July 1, 2017	Title: President & CEO

PART I - GENERAL (continued)

2. Filings and Postings

This Gas Service Tariff is supplemental to the "Regulations Governing Service Supplied by municipal Gas Companies" of the Public Service Commission of Maryland and comprises the Rules and Regulations of service and the Service Classifications under which natural gas shall be delivered and supplied to its Customer's by the Company. A copy of this Tariff is on file with the Public Service Commission of Maryland and is posted and open for inspection in the offices of the Company as well as on the Company's website.

3. Application to Contracts

The Tariff is part of every contract for service. The benefits and obligations of the contract inure to and are binding upon the successors, personal representatives and assigns of the parties thereto for the full term of the contract. The contract shall not be assigned by the Customer without prior written consent of the Company. Whether or not a written contract is executed, the applicant by accepting gas service is bound by the applicable rate schedule and these Terms and Conditions as they may be amended from time to time.

4. Revisions

This Tariff may be revised, amended, supplemented or otherwise changed from time to time, in accordance with rules and procedures of the Commission.

5. Statement of Agents

No representative of the Company has authority to modify any rule or provision of this Tariff, or to bind the Company by any promise or statement contrary thereto, unless the same shall be incorporated in a written contract.

6. Rules and Regulations

The Rules and Regulations are a part of every contract for service and govern all classes of service unless otherwise specifically stated by a Service Classification.

7. No Prejudice of Rights

The failure by the Company to enforce, or the decision not to enforce, any of the provisions of this Tariff shall not be deemed a waiver of the right to do so.

8. Gratuities to Employees

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Effective: December 1, 2009 July 1, 2017	Title: President & CEO

The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered.

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Effective: December 1, 2009 <u>July 1,</u> 2017	Title: President & CEO

PART I - GENERAL (continued)

9. Resolution of Disputes

When an Applicant or Customer has an issue to resolve with the Company, they should first contact the Company to resolve the issue. The Company and the Applicant or Customer shall use good faith and reasonable efforts to informally resolve the issue. An Applicant or Customer who wishes to file a formal complaint to resolve a dispute involving the Company may do so through the use of the procedures of the Commission.

10. Company's Disclaimer of Liability

10.1. Uninterrupted Supply

The Company does not guarantee continuous uninterrupted gas service and shall not be liable for any loss, damage or expense to any person occasioned by any change in interruption and/or resumption of the Company's gas service due to any cause beyond the reasonable control of the Company. The Company shall not be liable to Customers, their directors, officers, employees, agents, or contractors, for any loss, cost damage, expense, or any other liability (all of which shall be considered "Damages") regardless of whether such Damages are considered direct, indirect, incidental, special, consequential, exemplary or punitive Damages or to arise in contract or in tort, or any other cause of action, except as caused by the gross negligence or willful misconduct of the Company and only to the extent caused by the Company.

10.2 Company Liability

The Company shall not be liable for any delay of performance, failure to perform or failure of equipment for any cause other than the gross negligence or willful misconduct of the Company, and shall not be liable for Damages from causes beyond its reasonable control including but not limited to: Acts of God, storm, fire, flood, lightning, explosion or other catastrophes; any law, order, regulation, direction, action or request of the United States government or of any other government, including state and local governments having or claiming jurisdiction over the Company; acts or omissions of other entities, preemption of existing service in compliance with national emergencies; insurrections; wars; riots; unavailability of rights-of-way or materials, or strikes, lockouts, work stoppages or other labor difficulties.

The Company shall not be liable for any act or omission of any entity furnishing the Company or the Company's Customers goods, services, equipment or other products to be delivered through the Company's facilities or to be used in conjunction with goods, services, equipment of other products furnished by the Company.

Issued: December 1, 2009 July 1, 2017	Signed: Hugh E. Grunden
Effective: December 1, 2009 July 1, 2017	Title: President & CEO

PART I - GENERAL (continued)

The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

10.3 Notice of Trouble

The Customer shall notify the Company promptly of any defect in service or of any trouble or irregularity in their gas supply.

10.4 Prearrange Interruption of Service

Whenever it is necessary to interrupt gas service to work on ~~M~~mains or other facilities, such work shall be done, to the extent practical, at a time that will cause the least inconvenience to the Customer. The Customer(s) to be affected shall, if practical, be notified in advance of such interruptions.

11. Characteristics of Supply

11.1 Heating Value

The heating value of the gas supplied will vary from time to time due to changes in the composition of the Company's ~~send out~~~~send out~~. The composition of the gas ~~send out~~~~send out~~ may consist of natural gas, liquefied natural gas, propane-air gas and synthetic gas in varying proportions depending on the gas supply situation at any given time. The normal range of heating value will be from 1000 to 1200 Btu per cubic foot of gas.

11.2 Delivery Pressure

Standard delivery pressure to the Customer is at low pressure. Where gas is supplied, measurement is by a meter which may be equipped with a base pressure corrector and/or a base temperature corrector. The metering may be continuously, automatically and uniformly corrected from an atmospheric pressure of 14.7 pounds per square inch absolute, and the temperature may be corrected to a base temperature of 60° F.

12. Refusal or Discontinuance of Supply

Upon the Customer's failure to comply with any of the provisions of the Tariff, or of the Commission's rules governing Reasons for Denying Service, or if the Customer has not paid or made reasonable arrangements to pay any outstanding bill or undisputed portion of a bill, the

Issued: December 1, 2009 July 1, 2017	Signed: Hugh E. Grunden
Effective: December 1, 2009 July 1, 2017	Title: President & CEO

Company may refuse or discontinue service and remove its property without being held liable to the Customer, or to tenants or occupants of the premises served for any loss, cost damage or expense, caused by such refusal, discontinuance or removal.

PART II -- TERMS AND CONDITIONS

SECTION I - APPLICATION AND CONTRACT FOR SERVICE

1.1 Application for Service

A written application for service is required from each Customer. This application, when executed by the Company, constitutes the contract between the Company and the Customer, subject to the terms of the applicable Service Classification, and these Terms and Conditions. Charges for service shall begin at the time service is made available to the Customer.

1.2 Right to Reject Application

The Company may reject any application for service if the Applicant does not meet all the requirements of the Terms and Conditions of this Tariff. The Applicant shall be given the reason or reasons for rejection of the application for service in writing if requested.

1.3 Single Point of Delivery

The Service Classifications of this Tariff, unless otherwise stated, are based upon the service to a single metering point. The Company shall provide only one metering installation for each class of service. The point of delivery of gas to a Customer shall be the inlet side of the gas meter connection at which point the title to the gas shall pass to the Customer. The use of service at two or more separate properties shall not be combined for billing purposes.

The Company reserves the right to deliver service to more than one point where the Customer's load or service requirements necessitate such delivery. This procedure is applicable to non-residential Customers having extensive operations in a contiguous area. Where the Customer desires an extra delivery point, the Customer shall pay the estimated costs of the additional facilities, including any applicable taxes associated with Contribution in Aid of Construction or otherwise.

1.4 Service at New Locations

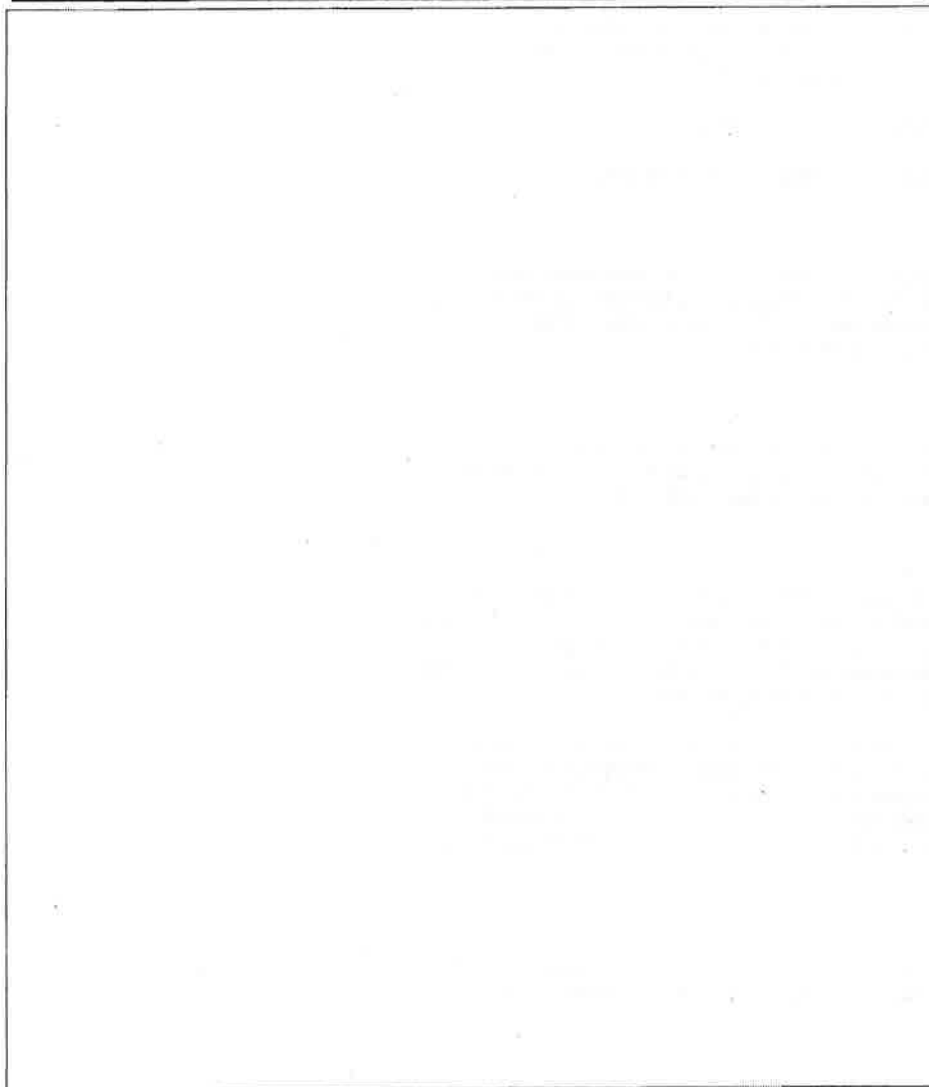
Service at new locations shall be rendered only when all bills for service to the Customer at any other locations have been paid, or credit arrangements satisfactory to the Company have been made.

Issued: ~~December 1, 2009~~ July 1,
2017

Signed: Hugh E. Grunden

Effective: ~~December 1, 2009~~ July 1,
2017

Title: President & CEO



Issued: December 1, 2009 July 1, 2017	Signed: Hugh E. Grunden
Effective: December 1, 2009 July 1, 2017	Title: President & CEO

PART II - TERMS AND CONDITIONS
SECTION 1- APPLICATION AND CONTRACT FOR SERVICE (continued)

1.5 Distribution of Customer's Metered and Billing Data

Upon the Customer's request, the Company will provide one year of Customer's historical gas metered and billing data to the Customer or its designee at no charge. Requests for broader information may be provided at actual cost.

1.6 Service Contracts

Standard contracts shall be for terms as specified in the applicable Service Classification. Where large or special investment is necessary or where Service is to be used for temporary, or unusual purposes, contracts for terms other than specified in the Service Classification, or with special guarantees of revenue, or both, may be required. The size of any required Contribution in Aid of Construction shall include all applicable taxes.

1.7 Rights-of-Way/Permits

1.7.1 General

The Applicant requesting natural gas service shall furnish, without expense to the Company, suitable rights-of-way or permits in a form approved by the Company for the installation of facilities on, over, under and across the premises of the Applicant for the purpose of providing gas service to the Applicant and to the premises and other users in the vicinity.

If it is necessary to acquire such rights or permits from others, such as abutting property owners, lessors, railroads, etc., in order for the Company to serve the Applicant, then the Applicant shall be responsible for obtaining such rights or permits as the Company deems necessary.

Where, due to the nature of the property to be served, the Company finds that the exact boundaries are of critical importance; the Applicant shall locate and mark such boundaries by an approved method and to the reasonable satisfaction of the Company.

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Signed: Hugh E. Grunden
Title: President & CEO

PART II - TERMS AND CONDITIONS

SECTION I- APPLICATION AND CONTRACT FOR SERVICE (continued)

The Applicant shall be responsible for clearing all trees, tree stumps and other obstructions from the construction area as designated by the Company, said clearing to be completed in reasonable time to meet service requirements. The Company shall be responsible for any additional tree trimming that may be required for the clearance and safety of its facilities.

The construction area as designated by the Company shall be graded to within six (6) inches of final grade before the Company will commence construction. Grade stakes shall be provided within ten (10) feet of any planned on-grade gas facility equipment.

If subsequent to construction start-up, the Company is required to relocate or adjust any of its installed facilities due to change in grade, adjustments of property lines or change in plans, the cost of such relocation, including any applicable taxes associated with Contributions in Aid of Construction or otherwise, shall be borne by the Applicant, its successors or assigns.

The Company shall construct, own, operate, and maintain underground distribution lines only along public streets, roads, and highways which the Company has the legal right to occupy, and on public lands and private property across which rights-of-way and easements satisfactory to the Company may be obtained within a reasonable time and without cost or condemnation by the Company.

The Company is not responsible for damages to Customer owned facilities located in any rights-of-way.

The Company is not responsible for any underground facilities not located under the Miss Utility Law.

1.7.2 Required Property Information

The Applicant shall furnish in a format acceptable to and required by the Company, at no charge to the Company, property plats, utility plans, grading plans, roadway profiles, property line stakes, grade stakes and other items showing details of proposed construction. This information is required in reasonable time to allow the Company to design and construct its facilities in a safe and efficient manner to meet service

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PART II - TERMS AND CONDITIONS

SECTION 1- APPLICATION AND CONTRACT FOR SERVICE (continued)

requirements and to comply with applicable laws, company standards, codes, and rules and regulations. The Customer shall physically mark or have marked the horizontal location of any non-utility or private lines (i.e. lawn sprinklers, private water or sewer services, dog fences, etc) within 18 inches of the non-utility line on the ground by means of stakes, paint or other suitable means prior to any notice of construction or maintenance activities on the Customer's property. The cost of repair or replacement of any non-utility of private lines not marked will be the Customer's responsibility.

1.8 Hazardous Conditions

The Applicant shall notify the Company of any hazardous conditions which employees may encounter on the Customer's property while installing or maintaining service. Where hazardous conditions exist which may impact the welfare of Company employees, the Company reserves the right to withhold service or require the Applicant to provide a non-hazardous route for necessary service facilities. The Applicant shall be responsible for all estimated costs required of the Company to meet applicable environmental or other hazardous condition laws required of our employees specifically for installation of the Applicant's service.

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PART II - TERMS AND CONDITIONS

SECTION 2 -- CUSTOMER'S DEPOSIT

2.1 Customer's Deposit to Guarantee Payment of Final Bills

The Company may require a cash deposit from an Applicant or an existing Customer for each account until satisfactory credit is established in accordance with the ~~Code of Maryland Regulations~~ COMAR to guarantee payment of final bills for service rendered. The Company reserves the right to hold either an aggregate deposit for all deposits for all accounts for a single Customer or multiple deposits for separate accounts for a single Customer. Where the Company holds more than one deposit for separate accounts for the same Customer, the Company shall administer each deposit individually. Such deposit shall not be more in amount than two-twelfths (2/12) of the estimated annual applicable revenue or as may be reasonably required by the Company in cases involving a service for short periods. Service may be denied or terminated for failure to pay a deposit when requested. Deposits shall not be applied against current delinquent bills.

Required deposits may be deferred at the Customer's request to the first month's bill or may be paid in installments over three (3) consecutive monthly billing periods. Customers with a prior unpaid balance may be required to pay the full deposit prior to establishing new service.

Simple interest on deposits at a rate established annually by the Public Service Commission of Maryland shall be applied annually as a credit to the Customer's account. The deposit shall cease to draw interest on the date it is returned, on the date service is terminated or on the date notice is sent to the Customer's last known address that the deposit is no longer required.

Deposits may be refunded after one (1) year for Residential deposits and after four (4) years for Non-Residential deposits and after satisfactory credit has been established. Satisfactory credit for Residential deposits is defined as (i) payment of the last twelve (12) consecutive monthly bills without more than two past due bills (ii) no disconnects for non-payment and (iii) without an outstanding unpaid previous balance. Satisfactory credit for Non-Residential deposits is defined as payment of the twenty-four (24) consecutive monthly bills.

All deposits shall be collected and administered pursuant to the requirements set forth in COMAR.

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PART II - TERMS AND CONDITIONS

SECTION 3 - PAYMENT TERMS

3.1 Billing Period

The rates are stated on a monthly basis and bills are rendered monthly following the supply of service based on gas meter readings, ~~to the nearest 100 or 1,000 cubic feet, scheduled at approximate monthly intervals, of 28 to 34 days.~~

3.2 When Bills are Payable

All bills are due and payable upon presentation.

3.3 Estimated Bills

When the Company's meter reader is unable at any regular reading date to read the Customer's meter, the Company may estimate the Customer's gas usage and render an estimated bill.

3.4 Returned ~~Payments~~Checks

~~Payments~~Checks received in payment of any bills or charges rendered which are returned to the Company unpaid by the Customer's bank, shall result in an additional charge of twenty-five (\$25) ~~per check~~ per occurrence, which charge shall be levied against the Customer's account. Proper notice of the returned payment check and the charge shall be mailed to the Customer, ~~by first-class mail.~~

3.5 Late Payment Charge

Bills are due and payable upon presentation. If payment is not received by the Company prior to the next scheduled meter reading date, a late payment charge of one and one-half percent (1-1/2%) of the unpaid balance, less applicable taxes and environmental surcharge shall be added to the next billing unless prohibited by law. The total late payment charge for any original balance shall not exceed five percent (5%).

3.6 Installment Payments

Any Customer may request an installment payment agreement as an optional means for payment of service delinquent charges and to avoid service termination resulting from those delinquent charges. An installment payment agreement constitutes a contract between the Customer and the Company, which guarantees payment by the Customer for the amount of the agreement over the specified period. Installment payment agreements shall be made through an authorized Company representative. All requests for installment payment agreements are subject to Company approval.

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and the Company may require these agreements to be signed by the Customer and by a Company-authorized employee. A service charge of one and one half percent (1-1/2%) per month shall be applied on the unpaid balance due under this agreement. The balance amount of the agreement is not subject to the provisions of the late payment charge. Failure of the Customer to meet the conditions of this installment payment agreement including prompt payment of the current bill shall constitute a breach of this agreement and entitle the Company to pursue collection and termination procedures pursuant to the applicable rules and regulations of the Public Service Commission of Maryland.

3.7 Budget Billing

Budget billing provides a payment plan which allows Customers to levelize their monthly bills. The Budget Billing Plan is available to all Residential "R" and Commercial "C" Service. Commercial Customers may be initially placed on the plan only in the billing months of April, May, October and November. Any such qualifying Customer who does not have a delinquent service balance outstanding may elect to be placed on budget billing. Under this plan, the Customer shall be billed for eleven (11) months on an estimated budget amount basis with the twelfth month as the settlement month. The billing for the settlement month shall consist of the difference between the actual amount due to date and the budget amount paid to date.

3.8 Dispute Procedures

In the case of a dispute, the Customer shall inform the Company, either orally or in writing, of the grounds for dispute and the portion of the bill reasonably disputed. The Company will promptly investigate the circumstances of the dispute. Late charges will not be assessed on the disputed portion of the Customer's bill. Service will not be terminated for non-payment if the non-disputed portion is paid pending investigation. Customer complaints and billing issues that are not satisfactorily resolved may be presented by the Customer to:

Maryland Public Service Commission
Consumer Assistance
Office of External Relations
Wm. Donald Schaefer Tower
6 St. Paul Street
Baltimore, MD 21206-6806

410-767-8028 (Office of External Relations)
1-800-492-0474 (toll-free within Maryland)
410-767-8000 (main PSC number)

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PART II - TERMS AND CONDITIONS

SECTION 4 – CUSTOMER'S INSTALLATION

4.1 Description of Installation

The Customer shall, before installing any gas burning equipment, notify the Company as to the devices which are going to be attached to the Company's lines, giving the location of the proposed installation so the Company may advise the Customer of the character of service the Company shall furnish and the point at which the service shall be connected and metered.

In those cases where the Company deems it necessary, the Customer shall present in writing complete specifications of equipment, loads, location plans, piping, regulators and other data required.

4.2 Customer's Equipment

Gas piping, fixtures and appliances on the Customer's premises must be installed at the expense of the Customer or owner of the property.

The Company may delay the construction of an extension and/or service until the Applicant has completed the piping and installation necessary to receive and use service.

4.3 Inspection

All gas piping and equipment, or changes in piping and equipment, shall conform to the standards of the National Fuel Gas Code and/or those of the local public authorities in force at the time.

The Company shall render service only after receipt by the Company of approval and or inspection and pressure test data issued by the licensed contractor or local jurisdictional entity.

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PART II - TERMS AND CONDITIONS

SECTION 5 - SERVICE INSTALLATIONS

5.1 General

Service, as used in this section, refers to the service piping and associated materials between the Company's gas main system and the point of connection with the Applicant's gas line. The Company's system facility from which the service is installed may be on public or private right-of-way. Service shall be designed and constructed with good engineering practices.

The Company shall install, own and maintain services under the terms and conditions herein enumerated, to the point of connection with the Applicant's gas line. Such point shall generally be near the corner of the building nearest the point at which the gas service exits the gas meter. Any modifications requested by the Applicant must be approved by the Company and any additional costs resulting there from shall be borne by the Applicant. Service shall not be installed or connected unless specifically requested by the Applicant and until satisfactory or credit arrangements are made if required by the Company.

5.2 Service Installations

Where the Applicant's request for Service does not warrant the expenditure required to serve it, the Company will determine from the circumstances in each case what guarantees of revenue or what financing shall be required of the Applicant.

5.3 Relocation of Service

Company owned residential Service facilities shall be relocated to a point of Company convenience at Company expense in order to correct or prevent a violation of applicable codes where such action requires no increase in the overall length of Service piping.

In the Company's opinion, when such relocation or portion of such relocation is deemed to benefit the Customer, the resulting cost will be prorated between the Company and the Customer accordingly.

In all other cases where the Customer requests relocation, or takes action which requires relocation of gas Service piping and/or meters and pressure regulators, the entire cost of such relocation shall be paid by the Customer.

In the event the Company shall be required by any public authority to relocate any portion of the Company's gas system, the Customer, at the Customer's expense, shall make the necessary changes in the location of the Customer's facilities to accommodate such changes.

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PART II - TERMS AND CONDITIONS

SECTION 6 - METER INSTALLATIONS

6.1 Meters Supplied by the Company

The Company shall normally furnish, install, maintain and own one (1) set of gas metering equipment for measurement of the service for each contract.

6.2 Meter Location

The Customer shall provide, without charge, a suitable place for the meters, pressure regulators or other equipment of the Company. Such place shall be of convenient access to the Company's personnel and in accordance with the latest edition of National Fuel Gas Code 54. The location of the meter shall be as near as possible to the point where the supply piping enters the Customer's building and is acceptable to the Company. Meter connections shall not be concealed by plaster, sheathing, landscaping or any other means. All meter locations are subject to periodic inspection and require periodic access a minimum of a three (3) foot clearance to satisfy meter reading, and equipment maintenance requirements and emergency response.

Where multiple meters are required, each meter position shall be clearly and visibly marked so that each position is identified as to the location to which service is being supplied. Meters shall not be installed by the Company until this has been accomplished.

6.3 Right to Remove Company's Property

All meters, pressure regulators and other equipment supplied by the Company shall remain its property. The Company shall have the right to remove all its property from the premises of the Customer at any time after the termination of service, whatever may have been the reason for such termination.

6.4 Periodic Test Schedule

The Company shall test its gas meters in accordance with a periodic test schedule acceptable to the Commission and COMAR. Meter tests performed at the request of a Customer shall be made in accordance with COMAR.

6.5 Metering

The quantity of gas billed shall be volume measured by the Company's meter, calibrated at or compensated to standard temperature (60°F) and barometric pressure (14.73 psia) conditions.

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PART II - TERMS AND CONDITIONS

SECTION 6 - METER INSTALLATIONS

6.6 Special Service Conditions

Where the Applicant requests the Company, and the Company agrees, to install facilities which are more costly than those normally furnished, the Applicant will be charged the difference in cost.

The Applicant shall be responsible to provide a service path, clear of all obstacles for the installation and maintenance of facilities. The path shall be identified by a method approved by the Company. Where the Applicant, by virtue of site conditions, causes a more costly than normal installation or maintenance, the Applicant will be charged the difference in cost.

Where environmental or other hazardous conditions require special work practices to comply with applicable rules or laws, the Company reserves the right to withhold service until a clear non-hazardous access can be provided or to charge the Applicant the additional costs.

Service lines shall not be installed inside or under Applicant's residence or building. Where residential or building extensions have inadvertently covered existing services, Applicant will be charged for immediate relocation as maintenance is required.

When replacement or repair of privately owned services is necessary, the Company may, if agreed to by the Customer, make the necessary repairs or replacements. The Customer shall be charged for all costs by the Company.

6.7 Remote Reading Devices

The Company, at its discretion or upon request from a Customer may install remote reading devices, subject to availability. Remote reading devices shall be owned, installed and maintained by the Company. When requested by the Customer and approved by the Company, such installation may be made at cost payable by the Customer. The location of the remote reading device shall be subject to Company approval.

~~A periodic verification reading must be taken on the meter and the remote reading device. The company shall notify the Customer when the periodic verification is required. The Company shall determine the frequency of verification required based on the technical characteristics of the installed equipment and its in service performance. Service shall be subject to disconnection if the Customer fails to make arrangements with the Company for a verification reading within 60 days after written notice is provided. In cases of dispute, the Company's meter shall be used as the~~

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~~final determinant in measuring consumption and in all cases shall take precedence over any reading or remote reading device.~~

6.8 Unscheduled Meter Reading

Notwithstanding billing disputes, when a Customer requests an unscheduled meter reading date, the Customer shall be charged twenty-five dollars (\$25) per meter for that special meter reading service per occurrence. This special meter reading service shall be for data collection or informational purposes only. This service shall not be used to change the Customer's regular scheduled billing, unless it is agreed to by the Company, at the Company's sole discretion, and at the Customer's additional expense.

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PART II - TERMS AND CONDITIONS

SECTION 7 - ADJUSTMENT OF CHARGES

7.1 Fast Meters

Whenever a gas meter is tested and found to have over registered more than 2%, the Company shall recalculate the bills for service in accordance with COMAR.

7.2 Slow Meters

Whenever a gas meter is found to be more than 2% slow, the Company may bill the Customer in accordance with COMAR.

7.3 Non-Registering Meters

Whenever a gas meter is found not to have registered, the Company may render an estimated bill in accordance with COMAR.

7.4 Request Tests

Upon request by a Customer and at no charge, the Company shall make a test of accuracy of registration of the meter serving the Customer, provided that these tests need not be made more frequently than once in eighteen (18) months. If tests of meters at the Customer's request are performed more frequently than once in eighteen (18) months, the Company shall charge the Customer thirty dollars (\$30) for testing. No charge shall be made for testing meters which upon test are found to exceed the allowable accuracy limits as defined in this section. The Customer, or its representative, may be present when the Customer's meter is tested. A written report of the test shall be mailed to the Customer within ten (10) business days after the completion of the test.

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PART II - TERMS AND CONDITIONS

SECTION 8 - CUSTOMER'S USE OF SERVICE

8.1 Precautions to be Taken by the Customer

The responsibility of detection of defects and leaks on the Customer's premises and in the Customer-owned service line, is upon the Customer; defects among other things shall mean failure or deficiency of gas, irregular supply, leakage and excessive pressure. In cases of detection of a leak within a Customer's premises, the Customer shall immediately notify the Company and follow the directions of the Company, so that the existing conditions can be responded to in a prompt and proper manner. When gas has been shut off because of a leak in the Customer's house lines or fixtures or other hazardous conditions of service, it shall not be unlocked and turned on until such leak or hazardous conditions have been repaired and made safe by either a licensed and competent plumber, heating contractor or pipe fitter.

8.2 Wastage of Gas

A Customer shall take due care to prevent the waste of gas. If wastage of gas is caused by the Company's negligence, the Company will issue a credit for all gas wasted. If the wastage occurred through no fault of the Company, no credit will be issued.

8.3 Resale Forbidden

The Customer shall not directly or indirectly sell, sublet, assign or otherwise dispose of natural gas provided by the Company or any part thereof except as authorized by COMAR.

8.4 Use Other Than Stated in Contract

The Company's service shall not be used for any purpose or in any place other than that stipulated in the Company's contract for Service except by written consent of the Company.

8.5 Change of Installation

The Customer shall give immediate written notice to the Company of any proposed substantial increase or decrease in, or change of purpose, design characteristics (including but not limited to pressure, flow rate and gas quality) or location of the Customer's installation. The service connection, meters and equipment supplied by the Company for each Customer shall have definite design characteristics and no modifications or additions to the equipment or load connected thereto shall be permitted except by written consent of the Company. Failure to give notice of such modifications shall render the Customer liable for any damage to the meters or their auxiliary apparatus caused by the additional or changed installation. Regardless of whether the Customer's

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SECTION 8 - CUSTOMER'S USE OF SERVICE (continued)

modifications are consistent or inconsistent with the service provided, the Company shall be under no obligation to modify its equipment.

8.6 Fluctuations

Gas service must not be used in such a manner as to cause unusual fluctuations or disturbances in the Company's supply system, and in the case of such a condition caused by the Customer, the Company may discontinue service or require the Customer to modify his installation and/or equipment to prevent such a condition.

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PART II - TERMS AND CONDITIONS

SECTION 9 - DEFECTS IN CUSTOMER'S INSTALLATION

9.1 Company's Right to Inspect

The Company shall have the right, but shall not be obliged to inspect any installations before gas is introduced or at any later time, and reserves the right to reject any piping or appliances not in accordance with the Company's requirements. Such inspections, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage resulting from defects in the installation, piping or appliances, or from violation of the Company's rules, or from accidents which may occur upon the premises of the Customer.

9.2 Defective Installations

If at any time the piping and appliances of the Customer are found to be defective or dangerous by the Company's representative or by the local public authorities, service may be refused or discontinued until the Customer has the condition corrected.

9.3 Customer's Responsibility

The Company assumes no responsibility for any damages done by or resulting from any defect in the piping or appliances of the Customer. In the event of any loss or damage to the property of the Company, or any accident or injury to persons or property is caused by or results from the negligence or wrongful act of the Customer, his agents, or employees, the cost of the necessary repairs or replacement shall be paid by the Customer to the Company and any liability otherwise resulting shall be assumed by the Customer.

9.4 Company Liability

The Company shall not be liable for damage resulting from the presence of gas or the Company's equipment on the Customer's premises, or from the use of the service of the Company by the Customer.

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PART II - TERMS AND CONDITIONS

SECTION 10 - ACCESS TO PREMISES

10.1 Access to Premises

The authorized agents or representatives of the Company having the proper Company identification shall have access at all reasonable times to the premises of the Customer for the purpose of reading the Company's meters, connecting and disconnecting service, operating, testing, inspecting, repairing, maintaining, removing or replacing any or all of the Company's apparatus used in connection with the delivery of gas. If the Company's meters or other equipment are located on the premises of someone other than the Customer, the Customer shall be responsible to arrange for access thereto by Company agents or representatives.

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PART II - TERMS AND CONDITIONS

SECTION 11 - TAMPERING WITH COMPANY'S PROPERTY

11.1 Tampering Expressly Forbidden

No person except a duly authorized representative of the Company shall make any connection or disconnection, either temporary or permanent at any point on the Company's distribution system up to the outlet of the Company's meter on the Customer's premises, or set, change, remove or interfere with the Company's meter, pressure regulator, tracer wire, cathodic protections system or other equipment.

11.2 Liability for Tampering

In the event of the Company's meters or other property being tampered or interfered with, the Customer being supplied through such equipment or other responsible party shall pay the amount which the Company may estimate is due for service used but not registered on the Company's meter and for the costs of any repairs, replacements required, investigations, inspections, costs of prosecution including legal fees, installation of any protective equipment and any other changes in the Customer's installation as may be required by the Company. The other responsible party shall be the party who either tampered with or caused the tampering with a meter or other equipment. The Customer being supplied through such equipment or the other responsible party shall also be responsible for paying all costs associated with the tampering investigation, including, but not limited to field and office work.

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PART II - TERMS AND CONDITIONS

SECTION 12 – COMPANY'S RIGHT TO DISCONTINUE SERVICE

12.1 Right to Discontinue Service

The Company reserves the right to discontinue the service for any of the following reasons.

12.1.1 Without Prior Notice

- a. Unavoidable shortage or interruptions in Company's source of supply or other cases of emergency.
- b. Whenever a hazardous condition is found to exist on the Customer's premises.
- c. ~~Interference~~Interference, tampering or other unauthorized use of meters or Company equipment or diversion of service.
~~or tampering with meters or Company equipment or diversion of service.~~
- d. Whenever environmental or other hazardous conditions would expose Company employees to undue risk.
- e. Exceeding the limits of gas supply specified on the Application for Service without the required notice.

12.1.2 With Prior Notice

- a. Failure to remedy conditions having detrimental effect on Company equipment or on the service of others.
- b. Non-payment of any bill for gas service which is greater than \$50 if the security deposit is less than the total owed.
- c. Non-payment of any bill for gas service which is less than \$50 and has been outstanding for 2 months or longer.
- d. Violation of or noncompliance with these Rules and Regulations or the effective Service Classification or Contract. The Company may refuse to provide any service until the Customer has corrected the conditions constituting such violation or noncompliance.
- e. Failure to pay a deposit as requested.

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PART II - TERMS AND CONDITIONS

SECTION 12 – COMPANY'S RIGHT TO DISCONTINUE SERVICE (continued)

- f. Misrepresentation of or failure to disclose any material fact in an apparent attempt to defraud the Company or to avoid payment of any outstanding bill for service rendered.
- g. Refusal to grant access, during reasonable working hours, for maintenance, meter reading or removal of equipment, inspection or replacement of equipment.
- h. Failure to pay Service installation charges.
- i. For providing a false name or social security number or for failing to disclose, upon request, that past services have been received and not paid for under a different name or social security number.
- j. Withdrawal or termination of the proper permits, certification or rights-of-way.

12.1.3 Notice

The notice provided for in Section 12.1.2 shall consist of not less than fourteen (14) days' notice sent by first class prepaid mail deposited in a United States mailbox and addressed to the Customer at his last known mailing address appearing on the records of the Company. The notice shall conform with the requirements of the ~~Code of Maryland Regulations~~ COMAR.

12.2 Reconnection Charge

Service disconnected by the Company for any reason set forth in Section 12.1 shall be restored only on payment of the appropriate reconnection charge stated below in addition to the previous balance due under the Customer's contract.

Any Customer whose service has been disconnected may be required to post a deposit in order to have service reconnected.

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PART II - TERMS AND CONDITIONS

SECTION 12 – COMPANY’S RIGHT TO DISCONTINUE SERVICE (continued)

Time of Reconnection

Reconnection Charge

8 a.m. to 4:00 p.m.	Mon - Fri., excluding Company Holidays	\$35
4:00 p.m. to 11:00 p.m.	Mon - Fri., Weekends & Company Holidays	\$45
11 p.m. to 8 a.m.	Any Day	No reconnections performed

Disconnection

At location other than meter

\$70

12.3 Collection of Payments at the Premises

At the Company’s option, the Customer may avoid service termination for non-payment of bills by making payment of the past due balance due to a Company representative at the premises.

In addition to payment of the past due balance, there shall be a fee of \$35 per trip to the premises for collection of payments.

Installment payments or any other agreements shall be made through an authorized Company representative.

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PART II - TERMS AND CONDITIONS

SECTION 13 - DISCONTINUANCE OF SERVICE BY CUSTOMER

13.1 Notice to Discontinue

The Customer must give the Company at least five (5) days written notice to discontinue service unless otherwise agreed upon and shall be liable for service taken until the meter has been disconnected or read. Such notice prior to the expiration of a contract term shall not relieve the Customer from any minimum or guaranteed payment under any contract or Service Classification.

13.2 Completion of Term

If, by reason of any act, neglect or default of a Customer or its agent, the Company's service is suspended, or the Company is prevented from providing service in accordance with the terms of any contract it may have entered into, the minimum charge for the unexpired portion of the contract term shall become due and payable immediately as liquidated damages in lieu of the anticipated returns from the said contract.

13.3 Final Bill

The final bill for service shall be based on an actual meter reading, unless the Company cannot gain access to the premises, and is due and payable when rendered.

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PART II - TERMS AND CONDITIONS

SECTION 14 - EXTENSIONS

14.1 General

Extensions to the Company's natural gas system shall be provided, owned and maintained under the terms and conditions herein enumerated.

Extensions, as used in this section, refer to gas mains and associated materials that must be constructed along public streets, roads and highways, or on private property from the Company's existing gas system to the service.

Extensions shall be designed according to accepted industry practices to provide adequate service and shall be installed in accordance with the rules and regulations of the Public Service Commission of Maryland, and shall be designed with sufficient capacity and suitable materials which, in the Company's judgment, shall assure that the Applicant, or Customer, shall receive safe, adequate and reasonable gas service for the foreseeable future. Modifications to the Company's design, requested by the Applicant, shall be made when such modifications are acceptable to the Company in its sole judgment.

Where the Applicant requests the Company to install facilities which are more costly than those proposed to be furnished by the Company, the Applicant shall pay the Company the difference in cost between the requested installation and that deemed necessary by the Company.

14.1.1 Company Ownership

The Company shall provide, own and maintain gas main extensions. The estimated cost of an extension shall include all direct and related work performed by the Company or its subcontractors to make service available in accordance with good engineering practices. The estimated installed cost shall be derived from the Company's recent costs for extensions of various lengths and pipe sizes under substantially similar conditions. The estimated cost of an approach main or main for the supply of service includes the cost of additions to existing mains necessary to provide adequate supply of gas from the nearest point or points.

14.1.2 Customers Initially Served

For the purpose of definition, those Customers to be initially served shall be considered as buildings under construction at the time the contract for the extension is signed. As additional facilities are needed to serve additional Customers, the Applicant may be required to make an additional deposit or may receive a refund accordingly.

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Effective: December 1, 2009 July 1, 2017	Title: President & CEO

PART II - TERMS AND CONDITIONS

SECTION 14 – EXTENSIONS (continued)

14.1.3 Main and Service Extension

When a gas main extension and service are both required to provide service to a non-residential Customer, the Estimated Revenue shall be compared to the total estimated investment of the line extension and service.

14.1.4 Company Maintenance of Private Facilities

Where Customers are served from private facilities, the Company may, upon request, provide maintenance to such facilities with all costs borne by the Customer.

14.2 System Extension Procedure

14.2.1 Application for Extension

Extensions are made when a Customer has made application by completing the appropriate forms and has agreed and signed for service from a proposed extension for which right-of-way, permits and conditions required by the Company's rules and practices have been obtained, and upon full payment of charges for the extension by the Customer.

14.2.2 Extension Contract

Application for service constitutes a contract and permission to install main and service line extensions, or portions thereof, on the owner's property where such extension is solely for his or his tenant's use. Suitable rights-of-way are required for all other extensions, including the right to extend main or service line along and adjacent to thoroughfares and lot lines to adjacent properties. Any subsequent relocation of all or part of such extensions made at the request of any owner or tenant, or required in the opinion of the Company, by any change in structure or other activity of such owner or tenant, shall require payment by him of the Company's charges for such relocation.

14.2.3 Customer Responsibility

The Customer shall be responsible for the preliminary grading of his property to within 6 inches of final grade before the Company commences construction of its extension to meet the Customer's service requirements.

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14.2.4 Extension to Multiple Customers

Where two or more Customers are to be served from a main extension, each Customer shall contract individually with the Company for the appropriate charges, if any, applicable to each.

14.2.5 Company Design of Extensions

The Company provides the design and layout for all extensions. The Applicant shall furnish in a format acceptable to and as required by the Company, at no charge to the Company, property plats, utility plans, grading plans, roadway profiles, property line stakes, grade stakes and other items showing details of proposed construction. This information is required in reasonable time to allow the Company to design and construct its facilities in a safe and efficient manner to meet service requirements and to comply with applicable laws, company standards, codes, and rules and regulations.

14.2.6 Applicant's Responsibility

Each Applicant will cooperate with the Company, in an effort to keep the cost of construction and installation of the underground gas distribution system as low as possible. Additional costs arising from failure of the Applicant to cooperate with the Company, such as his making changes in grade or failing to maintain grade, shall be borne by the Applicant.

14.3 Charges for Extensions

14.3.1 Evaluation of Extensions

The extension of the approach main and service line to the meter for residential and commercial ~~Applicants~~ Customers is evaluated on the merits of each projects economics. Subject to an economic test, a Contribution in Aid of Construction may be required from the ~~Applicant~~ Customer.

14.3.2 Cost of Paving

For existing developed areas the cost of breaking and replacing paving, including sidewalks and lawn repairs, if any, is not included in any economic test and is chargeable to the ~~Applicant~~ Customer.

14.3.3 Contribution in Aid of Construction

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The Contribution in Aid of Construction for gas main and service line installations shall be paid prior to the commencement of the installation.

14.3.4 Costs Subject to Repayment by ApplicantCustomer

Notwithstanding any other extension provision, extension of facilities requested by the ApplicantCustomer, and installed by the Company, that are not used as originally indicated by the ApplicantCustomer within 12 months of installation, shall be subject to the repayment by the Customer to the Company. Repayment shall include the Company's entire cost of installation and any applicable estimated costs of removal, less salvage costs, of all facilities initially installed for the supply of such service.

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PART II - TERMS AND CONDITIONS

SECTION 15 – CURTAILMENT POLICY

15.1 Gas Supply Curtailment

In the event it is necessary for the Company to impose curtailment of natural gas supply to its Customers due to a shortage of gas supply deliveries, this plan shall be implemented. A shortage of gas supply shall include but is not limited to a reduction or interruption of natural gas supplies from transmission pipelines that would prevent the Company from providing gas service to all its Customers; the Company's peak day supply of natural gas proves to be insufficient; or the Company experiences a distribution system failure.

The Company may, at its sole discretion, curtail or temporarily discontinue or reduce, without incurring any liability for any subsequent loss or damage which the Customer may sustain by reason of such curtailment or discontinuance of gas supply, gas service to its Customers in the priorities set forth below in inverse order.

When immediate action is required to protect distribution system deliverability and integrity, gas supply to specific areas of the distribution system may be temporarily discontinued resulting in complete curtailment of all Customers within the area.

The Company will curtail Service in the following order, starting with Priority 4:

Priority 1 – Essential Human Needs Customers. This includes all rate schedule "R" Customers, as well as hotels, motels, dormitories, hospitals, nursing homes, homes, plant protection, water and sewer treatment, police and other institutions essential for the public welfare.

Priority 2 – Firm Commercial Service. Rate Schedule "C"

Priority 3 – Firm Large Commercial and Industrial Service. Rate Schedule "LC"

Priority 4 – Interruptible Customers.

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PART II - TERMS AND CONDITIONS

SECTION 16 – PURCHASED GAS CHARGE

16.1 Provision for Charge

The rate for monthly consumption for firm sales of gas set forth in rate schedules "R", "C", and "LC" of the Company shall include an amount per CCF herein described which is called the Purchased Gas Charge (PGC).

16.1.1 The cost of purchased gas as used in determination of the PGC shall include, but not be limited to, costs of the following sources of gas including related transportation, storage and handling costs required for delivery to the Company:

- a) Natural gas from pipeline and other suppliers including storage, exchange, transportation service and take-or-pay costs. (FERC Acct. No. 7300000)
- b) Liquefied Natural Gas (LNG) (FERC Acct. No. 7310001)
- c) Liquefied Petroleum Gas (LPG) (FERC Acct. No. 7310002)
- d) Other hydrocarbons distributed to Customers or used as feedstock for production of Substitute Natural Gas (SNG) (FERC Acct. No. 7310003).

16.2 Calculation

The PGC, calculated to the nearest tenth of a cent per CCF, shall be computed monthly. The cost of gas per CCF is determined by dividing the demand costs (D) plus the estimated commodity costs (C) for the next billing month by the projected billable sales (S) for the period. The Actual Cost Adjustment (ACA) and any Supplier Refund Adjustments (SRA) are then applied to the PGC.

$$PGC = ((D+C)/S) + ACA - SRA$$

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PART II - TERMS AND CONDITIONS

SECTION 16 – PURCHASED GAS CHARGE (continued)

16.3 Supplier Refund Adjustment

When a refund is made to the Gas Department by suppliers by reason of a retroactive decrease in rates applied to the gas purchased, appropriate credits, including interest at the rate prescribed by the Commission, will be made to Customers.

16.4 Actual Cost Adjustment

Any difference between the sum of Purchased Gas Charge revenues collected in a billing month and the actual cost of gas in the same month is accumulated for the twelve (12) months ending November 30. The balance so determined shall be applied as a constant credit or debit to the Purchased Gas Charge for a period of twelve (12) months beginning with the succeeding January. The Actual Cost Adjustment to the nearest tenth of a cent per CCF is determined by dividing the twelve (12) month balance by the estimated sales for the twelve (12) months over which the adjustment will apply.

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PART II - TERMS AND CONDITIONS

SECTION 17 - BILLING NORMALIZATION ADJUSTMENT

17.1 Billing Normalization Adjustment

Customers who are part of the Residential "R" and Commercial "C" Service Classifications of the Company shall be billed a rate per CCF herein described which is called the Billing Normalization Adjustment (BNA). This rate shall be calculated to the nearest tenth of a cent per CCF. The Company's revenue requirement per average customer use per month (authorized base revenues) during the test year, as established in the latest base rate proceeding, shall serve as the basis for the BNA rate calculated each month. The BNA will be calculated separately for the Residential and Commercial rate classes.

The actual base rate revenue collected per average customer for the month is compared to the authorized base rate revenue per average customer per the same month during the test year and any difference is divided by estimated sales for the billing month to arrive at the BNA base rate per CCF to be billed. Any difference between actual and estimated sales is reconciled in the determination of the BNA in a subsequent month. The Actual Billing Adjustment, which is a fixed rate per calendar year as described in Section 17.2 below, shall be included in the BNA. Details of the calculation of the BNA shall be filed quarterly with the Commission.

17.2. Actual Billing Adjustment (ABA)

Any difference between the sum of the BNA revenues collected and the allowed amounts is accumulated for the twelve (12) months ending November 30. This balance shall be included with any over or under-collected amounts from the prior year's ABA calculation. The balance so determined shall be applied as a credit or debit to the BNA rate beginning with the succeeding January. The ABA to the nearest tenth of a cent per CCF to be billed is determined by dividing the twelve (12) month balance by the estimated sales for the twelve (12) months over which the adjustment will apply. Details of the calculation of the ABA shall be filed annually with the Commission.

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PART III - RATES

RESIDENTIAL SERVICE
RATE SCHEDULE R

A. Availability

This schedule is available for firm gas service to Customers for domestic purposes by individual meter in a single family dwelling or in an individual apartment. Except as otherwise provided herein, the application of this schedule is subject to the Terms and Conditions of the Company as they may be in effect from time to time, as filed with the Public Service Commission.

B. Rate for Monthly Consumption:

For Bills Rendered on or After

~~December 1, 2009~~ ~~June 1, 2010~~

Customer Charge per month, plus: ~~\$9.20~~ ~~\$9.65~~
Distribution Charge cents per CCF: ~~\$0.3285~~ ~~\$0.3430~~

Rate for Monthly Consumption	For Bills Rendered Between 7/1/2017 and before 1/1/2018	Bills Rendered on and after 1/1/2018
Customer Charge per month plus:	\$10.33	\$11.00
Distribution Charge cents per CCF:	\$0.3903	\$0.4375

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C. Purchased Gas Charge:

The charges specified in this rate shall be subject to an adjustment per CCF for purchased gas costs in accordance with Section 16 of the Terms and Conditions of Service.

D. Billing Normalization:

The charges specified in this rate shall be subject to an adjustment per CCF for billing normalization in accordance with Section 17 of the Terms and Conditions of Service.

E. The Minimum Monthly Bill:

The minimum monthly bill shall be the Customer Charge.

F. Late Payment Charge:

See Section 3.5.

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- G. Charges for Temporary Discontinuance of Service
Whenever service under this rate schedule has been temporarily discontinued at the request of the Customer, a charge equal to the Customer Charge times the number of months of discontinued service will be made for reestablishing such service.

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COMMERCIAL SERVICE

RATE SCHEDULE C

A. Availability

This schedule is available for firm gas service to Customers for non-domestic purposes whose average monthly consumption is less than 2,000 CCF per month, and supplied through one meter or a battery of meters. Any Customer served under this Service Classification shall remain on this Classification for at least twelve (12) billing months, even though such Customer's average monthly consumption in succeeding months may be 2,000 CCF or more. After such twelve (12) billing months, at the Customer's option, the Customer may be transferred to Service Classification LC provided the Customer has had an average monthly consumption of at least 2,000 CCF per month for the preceding three calendar years. Except as otherwise provided herein, the application of this schedule is subject to the Terms and Conditions of the Company as they may be in effect from time to time, as filed with the Commission. The Company reserves the right to change Service Classification based on actual Customer usage.

B. Rate for Monthly Consumption:	For Bills Rendered on or After	
	December 1, 2009	June 1, 2010
Customer Charge per month, plus:	\$32.00	\$33.25
Distribution Charge cents per CCF:	\$0.1850	\$0.1958

Rate for Monthly Consumption:	For Bills Rendered Between 7/1/2017 and before 1/1/2018	Bills Rendered on and after 1/1/2018
Customer Charge per month, plus:	\$33.25	\$33.25
Distribution Charge cents per CCF:	\$0.2307	\$0.2655

C. Purchased Gas Charge:

The charges specified in this rate shall be subject to an adjustment per CCF for purchased gas costs in accordance with Section 16 of the Terms and Conditions of Service.

D. Billing Normalization:

The charges specified in this rate shall be subject to an adjustment per CCF for billing normalization in accordance with Section 17 of the Terms and Conditions of Service.

E. Minimum Monthly Bill:

The minimum monthly bill shall be the Customer Charge.

F. Late Payment Charge

See Section 3.5.

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LARGE COMMERCIAL & INDUSTRIAL SERVICE

RATE SCHEDULE LC

A. Availability

This schedule is available for firm gas service to Customers for large commercial and/or industrial purposes whose average monthly consumption is 2,000 CCF or greater, and supplied through one meter or a battery of meters. Any Customer served under this Service Classification shall remain on this Classification for at least twelve (12) billing months, even though such Customer's average monthly consumption in succeeding months may be less than 2,000 CCF. After such twelve (12) billing months, any Customer taking Service under this Service Classification whose average monthly consumption is less than 2,000 CCF per month for the preceding three calendar years will be automatically transferred to Service Classification C effective with the next succeeding billing month. Except as otherwise provided herein, the application of this schedule is subject to the Terms and Conditions of the Company as they may be in effect from time to time, as filed with the Commission. The Company reserves the right to change Service Classification based on actual Customer usage.

B. Rate for Monthly Consumption:

	For Bills Rendered on or After	
	December 1, 2009	June 1, 2010
Customer Charge per month, plus:	\$205.00	\$214.00
Distribution Charge:		
First 10,000 CCF cents per CCF:	\$0.1480	\$0.1500
Over 10,000 CCF cents per CCF:	\$0.1050	\$0.1113

Rate for Monthly Consumption:	For Bills Rendered Between 7/1/2017 and before 1/1/2018	Bills Rendered on and after 1/1/2018
Customer Charge per month, plus:	\$214.00	\$214.00
Distribution Charge:		
First 10,000 CCF cents per CCF:	\$0.1723	\$0.1945
Over 10,000 CCF cents per CCF:	\$0.1232	\$0.1350

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C. Purchased Gas Charge:

The charges specified in this rate shall be subject to an adjustment per CCF for increases or decreases in the supplier rates for purchased gas, in accordance with Section 16 of the Terms and Conditions of Service.

D. Billing Normalization:

The charges specified in this rate shall be subject to an adjustment per CCF for billing normalization in accordance with Section 17 of the Terms and Conditions of Service.

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E. Total Minimum Monthly Bill:
The minimum monthly bill shall be the Customer Charge.

F. Late Payment Charge
See Section 3.5.

G. Charges for Temporary Discontinuance of Service:

Whenever service under this rate schedule has been temporarily discontinued at the request of the Customer, a charge equal to the Customer Charge times the number of months of discontinued service will be made for reestablishing such service.

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EXHIBIT 2
(Replacement)



GAS SERVICE TARIFF

TERMS, CONDITIONS AND RATE SCHEDULES

(This Gas Service Tariff supersedes P.S.C. Md. No. 9 together with all supplements)

July 1, 2017

Easton Utilities
201 N. Washington Street
Easton, MD 21601
(410) 822-6110

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

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Gas Service Tariff

The Gas Service Tariff is supplementary to the "Regulations Governing Service Supplied by Gas Companies" of the Maryland Public Service Commission, and comprises the Terms, Conditions and Rates under which gas service will be supplied to its Customers by the Easton Utilities Commission, in three parts as follows:

- I. GENERAL
- II. TERMS AND CONDITIONS
- III. RATES

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

PART I – GENERAL

1. Definition of Terms

The words listed below shall have the following meanings when used in this tariff:

Account – An account is one metered or un-metered rate or Service Classification which normally has one gas delivery point of service. Each account shall have only one gas supplier providing full gas supply requirements for that account. Premises may have more than one account.

Applicant – Any person, corporation or other entity that: (i) desires to receive from the Company natural gas or any other service provided for in this Tariff, (ii) complies completely with all Company requirements for obtaining natural gas or any other service provided for in this Tariff, (iii) has filed and is awaiting Company approval of its application for service, or (iv) is not yet actually receiving from the Company any service provided for in this Tariff. An Applicant shall become a Customer for purposes of this Tariff only after the Applicant actually starts receiving the applicable service(s) from the Company under this Tariff.

CCF - One hundred cubic feet equates to one billing unit.

COMAR – Code of Maryland Regulations

Commission – Public Service Commission of Maryland

Company – Easton Utilities Commission d/b/a Easton Utilities

Contribution in Aid of Construction – An amount of money or its equivalent provided to the Company by a Customer toward construction of utility plant. These amounts shall be credited to the accounts charged with the cost of such construction.

Customer – Any adult person, partnership, association, corporation, or other entity: (i) in whose name an account is listed, (ii) who occupies or is the ratepayer for a premises, building, structure, etc., and (iii) who is primarily responsible for payment of bills. Multiple premises or sites under the same name are considered multiple Customers.

Customer Charge – A charge designed to recover the costs the Company incurs for providing such services as metering, reading the meter(s), customer service, providing dedicated delivery service and billing the Customer's account.

Designee – Any adult person, partnership, association, corporation or other entity who is authorized by the Customer to receive gas meter and billing data.

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PART I - GENERAL – (continued)

Distribution Facilities – Natural gas facilities owned by the Company that are used to deliver natural gas to Customers, through and including the gas meter outlet union or flange. This includes natural gas Mains, regulators stations, valves and gas Services.

Extension – Portion of the Company's natural gas distribution system from the Company's existing natural gas system to the Service tap location required to provide service.

Mains – Portion of the Company's natural gas distribution system that brings gas from the gate station to the gas Service.

Premises – A premises is one contiguous property or site which normally has one delivery point of Service and one or more metered service classes, each of which is an Account, that when totaled equals the entire natural gas used at that one premises or site. Multiple premises or sites under the same name are considered multiple Customers.

Residence – Applicable to one-family residences or one-family apartments within the Company's territory for gas service.

Service – Portion of the Company's natural gas distribution system from the gas main to the gas meter.

Service Classification – Service is classified as one of the following rate schedules offered by the Company: Residential Service, Commercial Service, or Large Commercial & Industrial Service.

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Effective: July 1, 2017	Title: President & CEO

PART I – GENERAL (continued)

2. Filings and Postings

This Gas Service Tariff is supplemental to the “Regulations Governing Service Supplied by Gas Companies” of the Public Service Commission of Maryland and comprises the Rules and Regulations of service and the Service Classifications under which natural gas shall be delivered and supplied to its Customer’s by the Company. A copy of this Tariff is on file with the Public Service Commission of Maryland and is posted and open for inspection in the offices of the Company as well as on the Company’s website.

3. Application to Contracts

The Tariff is part of every contract for service. The benefits and obligations of the contract inure to and are binding upon the successors, personal representatives and assigns of the parties thereto for the full term of the contract. The contract shall not be assigned by the Customer without prior written consent of the Company. Whether or not a written contract is executed, the applicant by accepting gas service is bound by the applicable rate schedule and these Terms and Conditions as they may be amended from time to time.

4. Revisions

This Tariff may be revised, amended, supplemented or otherwise changed from time to time, in accordance with rules and procedures of the Commission.

5. Statement of Agents

No representative of the Company has authority to modify any rule or provision of this Tariff, or to bind the Company by any promise or statement contrary thereto, unless the same shall be incorporated in a written contract.

6. Rules and Regulations

The Rules and Regulations are a part of every contract for service and govern all classes of service unless otherwise specifically stated by a Service Classification.

7. No Prejudice of Rights

The failure by the Company to enforce, or the decision not to enforce, any of the provisions of this Tariff shall not be deemed a waiver of the right to do so.

8. Gratuities to Employees

The Company’s employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered.

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Effective: July 1, 2017	Title: President & CEO

PART I – GENERAL (continued)

9. Resolution of Disputes

When an Applicant or Customer has an issue to resolve with the Company, they should first contact the Company to resolve the issue. The Company and the Applicant or Customer shall use good faith and reasonable efforts to informally resolve the issue. An Applicant or Customer who wishes to file a formal complaint to resolve a dispute involving the Company may do so through the use of the procedures of the Commission.

10. Company's Disclaimer of Liability

10.1. Uninterrupted Supply

The Company does not guarantee continuous uninterrupted gas service and shall not be liable for any loss, damage or expense to any person occasioned by any change in interruption and/or resumption of the Company's gas service due to any cause beyond the reasonable control of the Company. The Company shall not be liable to Customers, their directors, officers, employees, agents, or contractors, for any loss, cost damage, expense, or any other liability (all of which shall be considered "Damages") regardless of whether such Damages are considered direct, indirect, incidental, special, consequential, exemplary or punitive Damages or to arise in contract or in tort, or any other cause of action, except as caused by the gross negligence or willful misconduct of the Company and only to the extent caused by the Company.

10.2 Company Liability

The Company shall not be liable for any delay of performance, failure to perform or failure of equipment for any cause other than the gross negligence or willful misconduct of the Company, and shall not be liable for Damages from causes beyond its reasonable control including but not limited to: Acts of God, storm, fire, flood, lightning, explosion or other catastrophes; any law, order, regulation, direction, action or request of the United States government or of any other government, including state and local governments having or claiming jurisdiction over the Company; acts or omissions of other entities, preemption of existing service in compliance with national emergencies; insurrections; wars; riots; unavailability of rights-of-way or materials, or strikes, lockouts, work stoppages or other labor difficulties.

The Company shall not be liable for any act or omission of any entity furnishing the Company or the Company's Customers goods, services, equipment or other products to be delivered through the Company's facilities or to be used in conjunction with goods, services, equipment of other products furnished by the Company.

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PART I – GENERAL (continued)

The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

10.3 Notice of Trouble

The Customer shall notify the Company promptly of any defect in service or of any trouble or irregularity in their gas supply.

10.4 Prearrange Interruption of Service

Whenever it is necessary to interrupt gas service to work on Mains or other facilities, such work shall be done, to the extent practical, at a time that will cause the least inconvenience to the Customer. The Customer(s) to be affected shall, if practical, be notified in advance of such interruptions.

11. Characteristics of Supply

11.1 Heating Value

The heating value of the gas supplied will vary from time to time due to changes in the composition of the Company's send out. The composition of the gas send out may consist of natural gas, liquefied natural gas, propane-air gas and synthetic gas in varying proportions depending on the gas supply situation at any given time. The normal range of heating value will be from 1000 to 1200 Btu per cubic foot of gas.

11.2 Delivery Pressure

Standard delivery pressure to the Customer is at low pressure. Where gas is supplied, measurement is by a meter which may be equipped with a base pressure corrector and/or a base temperature corrector. The metering may be continuously, automatically and uniformly corrected from an atmospheric pressure of 14.7 pounds per square inch absolute, and the temperature may be corrected to a base temperature of 60° F.

12. Refusal or Discontinuance of Supply

Upon the Customer's failure to comply with any of the provisions of the Tariff, or of the Commission's rules governing Reasons for Denying Service, or if the Customer has not paid or made reasonable arrangements to pay any outstanding bill or undisputed portion of a bill, the Company may refuse or discontinue service and remove its property without being held liable to the Customer, or to tenants or occupants of the premises served for any loss, cost damage or expense, caused by such refusal, discontinuance or removal.

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Effective: July 1, 2017	Title: President & CEO

PART II – TERMS AND CONDITIONS

SECTION 1 - APPLICATION AND CONTRACT FOR SERVICE

1.1 Application for Service

A written application for service is required from each Customer. This application, when executed by the Company, constitutes the contract between the Company and the Customer, subject to the terms of the applicable Service Classification, and these Terms and Conditions. Charges for service shall begin at the time service is made available to the Customer.

1.2 Right to Reject Application

The Company may reject any application for service if the Applicant does not meet all the requirements of the Terms and Conditions of this Tariff. The Applicant shall be given the reason or reasons for rejection of the application for service in writing if requested.

1.3 Single Point of Delivery

The Service Classifications of this Tariff, unless otherwise stated, are based upon the service to a single metering point. The Company shall provide only one metering installation for each class of service. The point of delivery of gas to a Customer shall be the inlet side of the gas meter connection at which point the title to the gas shall pass to the Customer. The use of service at two or more separate properties shall not be combined for billing purposes.

The Company reserves the right to deliver service to more than one point where the Customer's load or service requirements necessitate such delivery. This procedure is applicable to non-residential Customers having extensive operations in a contiguous area. Where the Customer desires an extra delivery point, the Customer shall pay the estimated costs of the additional facilities, including any applicable taxes associated with Contribution in Aid of Construction or otherwise.

1.4 Service at New Locations

Service at new locations shall be rendered only when all bills for service to the Customer at any other locations have been paid, or credit arrangements satisfactory to the Company have been made.

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PART II – TERMS AND CONDITIONS
SECTION 1- APPLICATION AND CONTRACT FOR SERVICE (continued)

1.5 Distribution of Customer's Metered and Billing Data

Upon the Customer's request, the Company will provide one year of Customer's historical gas metered and billing data to the Customer or its designee at no charge. Requests for broader information may be provided at actual cost.

1.6 Service Contracts

Standard contracts shall be for terms as specified in the applicable Service Classification. Where large or special investment is necessary or where Service is to be used for temporary, or unusual purposes, contracts for terms other than specified in the Service Classification, or with special guarantees of revenue, or both, may be required. The size of any required Contribution in Aid of Construction shall include all applicable taxes.

1.7 Rights-of-Way/Permits

1.7.1 General

The Applicant requesting natural gas service shall furnish, without expense to the Company, suitable rights-of-way or permits in a form approved by the Company for the installation of facilities on, over, under and across the premises of the Applicant for the purpose of providing gas service to the Applicant and to the premises and other users in the vicinity.

If it is necessary to acquire such rights or permits from others, such as abutting property owners, lessors, railroads, etc., in order for the Company to serve the Applicant, then the Applicant shall be responsible for obtaining such rights or permits as the Company deems necessary.

Where, due to the nature of the property to be served, the Company finds that the exact boundaries are of critical importance; the Applicant shall locate and mark such boundaries by an approved method and to the reasonable satisfaction of the Company.

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PART II – TERMS AND CONDITIONS

SECTION 1- APPLICATION AND CONTRACT FOR SERVICE (continued)

The Applicant shall be responsible for clearing all trees, tree stumps and other obstructions from the construction area as designated by the Company, said clearing to be completed in reasonable time to meet service requirements. The Company shall be responsible for any additional tree trimming that may be required for the clearance and safety of its facilities.

The construction area as designated by the Company shall be graded to within six (6) inches of final grade before the Company will commence construction. Grade stakes shall be provided within ten (10) feet of any planned on-grade gas facility equipment.

If subsequent to construction start-up, the Company is required to relocate or adjust any of its installed facilities due to change in grade, adjustments of property lines or change in plans, the cost of such relocation, including any applicable taxes associated with Contributions in Aid of Construction or otherwise, shall be borne by the Applicant, its successors or assigns.

The Company shall construct, own, operate, and maintain underground distribution lines only along public streets, roads, and highways which the Company has the legal right to occupy, and on public lands and private property across which rights-of-way and easements satisfactory to the Company may be obtained within a reasonable time and without cost or condemnation by the Company.

The Company is not responsible for damages to Customer owned facilities located in any rights-of-way.

The Company is not responsible for any underground facilities not located under the Miss Utility Law.

1.7.2 Required Property Information

The Applicant shall furnish in a format acceptable to and required by the Company, at no charge to the Company, property plats, utility plans, grading plans, roadway profiles, property line stakes, grade stakes and other items showing details of proposed construction. This information is required in reasonable time to allow the Company to design and construct its facilities in a safe and efficient manner to meet service

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PART II – TERMS AND CONDITIONS

SECTION 1- APPLICATION AND CONTRACT FOR SERVICE (continued)

requirements and to comply with applicable laws, company standards, codes, and rules and regulations. The Customer shall physically mark or have marked the horizontal location of any non-utility or private lines (i.e. lawn sprinklers, private water or sewer services, dog fences, etc) within 18 inches of the non-utility line on the ground by means of stakes, paint or other suitable means prior to any notice of construction or maintenance activities on the Customer's property. The cost of repair or replacement of any non-utility of private lines not marked will be the Customer's responsibility.

1.8 Hazardous Conditions

The Applicant shall notify the Company of any hazardous conditions which employees may encounter on the Customer's property while installing or maintaining service. Where hazardous conditions exist which may impact the welfare of Company employees, the Company reserves the right to withhold service or require the Applicant to provide a non-hazardous route for necessary service facilities. The Applicant shall be responsible for all estimated costs required of the Company to meet applicable environmental or other hazardous condition laws required of our employees specifically for installation of the Applicant's service.

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PART II - TERMS AND CONDITIONS

SECTION 2 - CUSTOMER'S DEPOSIT

2.1 Customer's Deposit to Guarantee Payment of Final Bills

The Company may require a cash deposit from an Applicant or an existing Customer for each account until satisfactory credit is established in accordance with the COMAR to guarantee payment of final bills for service rendered. The Company reserves the right to hold either an aggregate deposit for all deposits for all accounts for a single Customer or multiple deposits for separate accounts for a single Customer. Where the Company holds more than one deposit for separate accounts for the same Customer, the Company shall administer each deposit individually. Such deposit shall not be more in amount than two-twelfths (2/12) of the estimated annual applicable revenue or as may be reasonably required by the Company in cases involving a service for short periods. Service may be denied or terminated for failure to pay a deposit when requested. Deposits shall not be applied against current delinquent bills.

Required deposits may be deferred at the Customer's request to the first month's bill or may be paid in installments over three (3) consecutive monthly billing periods. Customers with a prior unpaid balance may be required to pay the full deposit prior to establishing new service.

Simple interest on deposits at a rate established annually by the Public Service Commission of Maryland shall be applied annually as a credit to the Customer's account. The deposit shall cease to draw interest on the date it is returned, on the date service is terminated or on the date notice is sent to the Customer's last known address that the deposit is no longer required.

Deposits may be refunded after one (1) year for Residential deposits and after four (4) years for Non-Residential deposits and after satisfactory credit has been established. Satisfactory credit for Residential deposits is defined as (i) payment of the last twelve (12) consecutive monthly bills without more than two past due bills (ii) no disconnects for nonpayment and (iii) without an outstanding unpaid previous balance. Satisfactory credit for Non-Residential deposits is defined as payment of the twenty-four (24) consecutive monthly bills.

All deposits shall be collected and administered pursuant to the requirements set forth in COMAR.

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PART II - TERMS AND CONDITIONS

SECTION 3 - PAYMENT TERMS

3.1 Billing Period

The rates are stated on a monthly basis and bills are rendered monthly following the supply of service based on gas meter readings.

3.2 When Bills are Payable

All bills are due and payable upon presentation.

3.3 Estimated Bills

When the Company's meter reader is unable at any regular reading date to read the Customer's meter, the Company may estimate the Customer's gas usage and render an estimated bill.

3.4 Returned Payments

Payments received which are returned to the Company unpaid by the Customer's bank, shall result in an additional charge of twenty-five (\$25) per occurrence, which charge shall be levied against the Customer's account. Proper notice of the returned payment and the charge shall be mailed to the Customer.

3.5 Late Payment Charge

Bills are due and payable upon presentation. If payment is not received by the Company prior to the next scheduled meter reading date, a late payment charge of one and one-half percent (1-1/2%) of the unpaid balance, less applicable taxes and environmental surcharge shall be added to the next billing unless prohibited by law. The total late payment charge for any original balance shall not exceed five percent (5%).

3.6 Installment Payments

Any Customer may request an installment payment agreement as an optional means for payment of service delinquent charges and to avoid service termination resulting from those delinquent charges. An installment payment agreement constitutes a contract between the Customer and the Company, which guarantees payment by the Customer for the amount of the agreement over the specified period. Installment payment agreements shall be made through an authorized Company representative. All requests for installment payment agreements are subject to Company approval and the Company may require these agreements to be signed by the Customer and by a Company-authorized employee. A service charge of one and one half percent (1-1/2%) per month shall be applied on the unpaid balance due under this agreement. The balance amount of the agreement is not subject to the provisions of the late payment charge. Failure of the Customer to meet the

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conditions of this installment payment agreement including prompt payment of the current bill shall constitute a breach of this agreement and entitle the Company to pursue collection and termination procedures pursuant to the applicable rules and regulations of the Public Service Commission of Maryland.

3.7 Budget Billing

Budget billing provides a payment plan which allows Customers to levelize their monthly bills. The Budget Billing Plan is available to all Residential "R" and Commercial "C" Service. Commercial Customers may be initially placed on the plan only in the billing months of April, May, October and November. Any such qualifying Customer who does not have a delinquent service balance outstanding may elect to be placed on budget billing. Under this plan, the Customer shall be billed for eleven (11) months on an estimated budget amount basis with the twelfth month as the settlement month. The billing for the settlement month shall consist of the difference between the actual amount due to date and the budget amount paid to date.

3.8 Dispute Procedures

In the case of a dispute, the Customer shall inform the Company, either orally or in writing, of the grounds for dispute and the portion of the bill reasonably disputed. The Company will promptly investigate the circumstances of the dispute. Late charges will not be assessed on the disputed portion of the Customer's bill. Service will not be terminated for non-payment if the non-disputed portion is paid pending investigation. Customer complaints and billing issues that are not satisfactorily resolved may be presented by the Customer to:

Maryland Public Service Commission
Consumer Assistance
Office of External Relations
Wm. Donald Schaefer Tower
6 St. Paul Street
Baltimore, MD 21206-6806

410-767-8028 (Office of External Relations)
1-800-492-0474 (toll-free within Maryland)
410-767-8000 (main PSC number)

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PART II - TERMS AND CONDITIONS

SECTION 4 – CUSTOMER’S INSTALLATION

4.1 Description of Installation

The Customer shall, before installing any gas burning equipment, notify the Company as to the devices which are going to be attached to the Company’s lines, giving the location of the proposed installation so the Company may advise the Customer of the character of service the Company shall furnish and the point at which the service shall be connected and metered.

In those cases where the Company deems it necessary, the Customer shall present in writing complete specifications of equipment, loads, location plans, piping, regulators and other data required.

4.2 Customer’s Equipment

Gas piping, fixtures and appliances on the Customer’s premises must be installed at the expense of the Customer or owner of the property.

The Company may delay the construction of an extension and/or service until the Applicant has completed the piping and installation necessary to receive and use service.

4.3 Inspection

All gas piping and equipment, or changes in piping and equipment, shall conform to the standards of the National Fuel Gas Code and/or those of the local public authorities in force at the time.

The Company shall render service only after receipt by the Company of approval and or inspection and pressure test data issued by the licensed contractor or local jurisdictional entity.

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PART II - TERMS AND CONDITIONS

SECTION 5 - SERVICE INSTALLATIONS

5.1 General

Service, as used in this section, refers to the service piping and associated materials between the Company's gas main system and the point of connection with the Applicant's gas line. The Company's system facility from which the service is installed may be on public or private right-of-way. Service shall be designed and constructed with good engineering practices.

The Company shall install, own and maintain services under the terms and conditions herein enumerated, to the point of connection with the Applicant's gas line. Such point shall generally be near the corner of the building nearest the point at which the gas service exits the gas meter. Any modifications requested by the Applicant must be approved by the Company and any additional costs resulting there from shall be borne by the Applicant. Service shall not be installed or connected unless specifically requested by the Applicant and until satisfactory or credit arrangements are made if required by the Company.

5.2 Service Installations

Where the Applicant's request for Service does not warrant the expenditure required to serve it, the Company will determine from the circumstances in each case what guarantees of revenue or what financing shall be required of the Applicant.

5.3 Relocation of Service

Company owned residential Service facilities shall be relocated to a point of Company convenience at Company expense in order to correct or prevent a violation of applicable codes where such action requires no increase in the overall length of Service piping.

In the Company's opinion, when such relocation or portion of such relocation is deemed to benefit the Customer, the resulting cost will be prorated between the Company and the Customer accordingly.

In all other cases where the Customer requests relocation, or takes action which requires relocation of gas Service piping and/or meters and pressure regulators, the entire cost of such relocation shall be paid by the Customer.

In the event the Company shall be required by any public authority to relocate any portion of the Company's gas system, the Customer, at the Customer's expense, shall make the necessary changes in the location of the Customer's facilities to accommodate such changes.

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PART II - TERMS AND CONDITIONS

SECTION 6 - METER INSTALLATIONS

6.1 Meters Supplied by the Company

The Company shall normally furnish, install, maintain and own one (1) set of gas metering equipment for measurement of the service for each contract.

6.2 Meter Location

The Customer shall provide, without charge, a suitable place for the meters, pressure regulators or other equipment of the Company. Such place shall be of convenient access to the Company's personnel and in accordance with the latest edition of National Fuel Gas Code 54. The location of the meter shall be as near as possible to the point where the supply piping enters the Customer's building and is acceptable to the Company. Meter connections shall not be concealed by plaster, sheathing, landscaping or any other means. All meter locations are subject to periodic inspection and require a minimum of a three (3) foot clearance to satisfy meter reading, equipment maintenance requirements and emergency response.

Where multiple meters are required, each meter position shall be clearly and visibly marked so that each position is identified as to the location to which service is being supplied. Meters shall not be installed by the Company until this has been accomplished.

6.3 Right to Remove Company's Property

All meters, pressure regulators and other equipment supplied by the Company shall remain its property. The Company shall have the right to remove all its property from the premises of the Customer at any time after the termination of service, whatever may have been the reason for such termination.

6.4 Periodic Test Schedule

The Company shall test its gas meters in accordance with a periodic test schedule acceptable to the Commission and COMAR. Meter tests performed at the request of a Customer shall be made in accordance with COMAR.

6.5 Metering

The quantity of gas billed shall be volume measured by the Company's meter, calibrated at or compensated to standard temperature (60°F) and barometric pressure (14.73 psia) conditions.

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PART II - TERMS AND CONDITIONS

SECTION 6 - METER INSTALLATIONS

6.6 Special Service Conditions

Where the Applicant requests the Company, and the Company agrees, to install facilities which are more costly than those normally furnished, the Applicant will be charged the difference in cost.

The Applicant shall be responsible to provide a service path, clear of all obstacles for the installation and maintenance of facilities. The path shall be identified by a method approved by the Company. Where the Applicant, by virtue of site conditions, causes a more costly than normal installation or maintenance, the Applicant will be charged the difference in cost.

Where environmental or other hazardous conditions require special work practices to comply with applicable rules or laws, the Company reserves the right to withhold service until a clear non-hazardous access can be provided or to charge the Applicant the additional costs.

Service lines shall not be installed inside or under Applicant's residence or building. Where residential or building extensions have inadvertently covered existing services, Applicant will be charged for immediate relocation as maintenance is required.

When replacement or repair of privately owned services is necessary, the Company may, if agreed to by the Customer, make the necessary repairs or replacements. The Customer shall be charged for all costs by the Company.

6.7 Remote Reading Devices

The Company, at its discretion or upon request from a Customer may install remote reading devices, subject to availability. Remote reading devices shall be owned, installed and maintained by the Company. When requested by the Customer and approved by the Company, such installation may be made at cost payable by the Customer. The location of the remote reading device shall be subject to Company approval.

6.8 Unscheduled Meter Reading

Notwithstanding billing disputes, when a Customer requests an unscheduled meter reading date, the Customer shall be charged twenty-five dollars (\$25) per meter for that special meter reading service per occurrence. This special meter reading service shall be for data collection or informational purposes only. This service shall not be used to change the Customer's regular scheduled billing, unless it is agreed to by the Company, at the

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Company's sole discretion, and at the Customer's additional expense. PART II - TERMS
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SECTION 7 – ADJUSTMENT OF CHARGES

7.1 Fast Meters

Whenever a gas meter is tested and found to have over registered more than 2%, the Company shall recalculate the bills for service in accordance with COMAR.

7.2 Slow Meters

Whenever a gas meter is found to be more than 2% slow, the Company may bill the Customer in accordance with COMAR.

7.3 Non-Registering Meters

Whenever a gas meter is found not to have registered, the Company may render an estimated bill in accordance with COMAR.

7.4 Request Tests

Upon request by a Customer and at no charge, the Company shall make a test of accuracy of registration of the meter serving the Customer, provided that these tests need not be made more frequently than once in eighteen (18) months. If tests of meters at the Customer's request are performed more frequently than once in eighteen (18) months, the Company shall charge the Customer thirty dollars (\$30) for testing. No charge shall be made for testing meters which upon test are found to exceed the allowable accuracy limits as defined in this section. The Customer, or its representative, may be present when the Customer's meter is tested. A written report of the test shall be mailed to the Customer within ten (10) business days after the completion of the test.

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PART II - TERMS AND CONDITIONS

SECTION 8 – CUSTOMER’S USE OF SERVICE

8.1 Precautions to be Taken by the Customer

The responsibility of detection of defects and leaks on the Customer’s premises and in the Customer-owned service line, is upon the Customer; defects among other things shall mean failure or deficiency of gas, irregular supply, leakage and excessive pressure. In cases of detection of a leak within a Customer’s premises, the Customer shall immediately notify the Company and follow the directions of the Company, so that the existing conditions can be responded to in a prompt and proper manner. When gas has been shut off because of a leak in the Customer’s house lines or fixtures or other hazardous conditions of service, it shall not be unlocked and turned on until such leak or hazardous conditions have been repaired and made safe by either a licensed and competent plumber, heating contractor or pipe fitter.

8.2 Wastage of Gas

A Customer shall take due care to prevent the waste of gas. If wastage of gas is caused by the Company’s negligence, the Company will issue a credit for all gas wasted. If the wastage occurred through no fault of the Company, no credit will be issued.

8.3 Resale Forbidden

The Customer shall not directly or indirectly sell, sublet, assign or otherwise dispose of natural gas provided by the Company or any part thereof except as authorized by COMAR.

8.4 Use Other Than Stated in Contract

The Company’s service shall not be used for any purpose or in any place other than that stipulated in the Company’s contract for Service except by written consent of the Company.

8.5 Change of Installation

The Customer shall give immediate written notice to the Company of any proposed substantial increase or decrease in, or change of purpose, design characteristics (including but not limited to pressure, flow rate and gas quality) or location of the Customer’s installation. The service connection, meters and equipment supplied by the Company for each Customer shall have definite design characteristics and no modifications or additions to the equipment or load connected thereto shall be permitted except by written consent of the Company. Failure to give notice of such modifications shall render the Customer liable for any damage to the meters or their auxiliary apparatus caused by the additional or changed installation. Regardless of whether the Customer’s

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SECTION 8 – CUSTOMER’S USE OF SERVICE (continued)

modifications are consistent or inconsistent with the service provided, the Company shall be under no obligation to modify its equipment.

8.6 Fluctuations

Gas service must not be used in such a manner as to cause unusual fluctuations or disturbances in the Company’s supply system, and in the case of such a condition caused by the Customer, the Company may discontinue service or require the Customer to modify his installation and/or equipment to prevent such a condition.

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PART II - TERMS AND CONDITIONS

SECTION 9 – DEFECTS IN CUSTOMER’S INSTALLATION

9.1 Company’s Right to Inspect

The Company shall have the right, but shall not be obliged to inspect any installations before gas is introduced or at any later time, and reserves the right to reject any piping or appliances not in accordance with the Company’s requirements. Such inspections, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage resulting from defects in the installation, piping or appliances, or from violation of the Company’s rules, or from accidents which may occur upon the premises of the Customer.

9.2 Defective Installations

If at any time the piping and appliances of the Customer are found to be defective or dangerous by the Company’s representative or by the local public authorities, service may be refused or discontinued until the Customer has the condition corrected.

9.3 Customer’s Responsibility

The Company assumes no responsibility for any damages done by or resulting from any defect in the piping or appliances of the Customer. In the event of any loss or damage to the property of the Company, or any accident or injury to persons or property is caused by or results from the negligence or wrongful act of the Customer, his agents, or employees, the cost of the necessary repairs or replacement shall be paid by the Customer to the Company and any liability otherwise resulting shall be assumed by the Customer.

9.4 Company Liability

The Company shall not be liable for damage resulting from the presence of gas or the Company’s equipment on the Customer’s premises, or from the use of the service of the Company by the Customer.

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PART II - TERMS AND CONDITIONS

SECTION 10 – ACCESS TO PREMISES

10.1 Access to Premises

The authorized agents or representatives of the Company having the proper Company identification shall have access at all reasonable times to the premises of the Customer for the purpose of reading the Company's meters, connecting and disconnecting service, operating, testing, inspecting, repairing, maintaining, removing or replacing any or all of the Company's apparatus used in connection with the delivery of gas. If the Company's meters or other equipment are located on the premises of someone other than the Customer, the Customer shall be responsible to arrange for access thereto by Company agents or representatives.

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PART II - TERMS AND CONDITIONS

SECTION 11 – TAMPERING WITH COMPANY’S PROPERTY

11.1 Tampering Expressly Forbidden

No person except a duly authorized representative of the Company shall make any connection or disconnection, either temporary or permanent at any point on the Company’s distribution system up to the outlet of the Company’s meter on the Customer’s premises, or set, change, remove or interfere with the Company’s meter, pressure regulator, tracer wire, cathodic protections system or other equipment.

11.2 Liability for Tampering

In the event of the Company’s meters or other property being tampered or interfered with, the Customer being supplied through such equipment or other responsible party shall pay the amount which the Company may estimate is due for service used but not registered on the Company’s meter and for the costs of any repairs, replacements required, investigations, inspections, costs of prosecution including legal fees, installation of any protective equipment and any other changes in the Customer’s installation as may be required by the Company. The other responsible party shall be the party who either tampered with or caused the tampering with a meter or other equipment. The Customer being supplied through such equipment or the other responsible party shall also be responsible for paying all costs associated with the tampering investigation, including, but not limited to field and office work.

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PART II - TERMS AND CONDITIONS

SECTION 12 – COMPANY’S RIGHT TO DISCONTINUE SERVICE

12.1 Right to Discontinue Service

The Company reserves the right to discontinue the service for any of the following reasons.

12.1.1 Without Prior Notice

- a. Unavoidable shortage or interruptions in Company’s source of supply or other cases of emergency.
- b. Whenever a hazardous condition is found to exist on the Customer’s premises.
- c. Interference, tampering or other unauthorized use of meters or Company equipment or diversion of service.
- d. Whenever environmental or other hazardous conditions would expose Company employees to undue risk.
- e. Exceeding the limits of gas supply specified on the Application for Service without the required notice.

12.1.2 With Prior Notice

- a. Failure to remedy conditions having detrimental effect on Company equipment or on the service of others.
- b. Non-payment of any bill for gas service which is greater than \$50 if the security deposit is less than the total owed.
- c. Non-payment of any bill for gas service which is less than \$50 and has been outstanding for 2 months or longer.
- d. Violation of or noncompliance with these Rules and Regulations or the effective Service Classification or Contract. The Company may refuse to provide any service until the Customer has corrected the conditions constituting such violation or noncompliance.
- e. Failure to pay a deposit as requested.

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SECTION 12 – COMPANY’S RIGHT TO DISCONTINUE SERVICE (continued)

- f. Misrepresentation of or failure to disclose any material fact in an apparent attempt to defraud the Company or to avoid payment of any outstanding bill for service rendered.
- g. Refusal to grant access, during reasonable working hours, for maintenance, meter reading or removal of equipment, inspection or replacement of equipment.
- h. Failure to pay Service installation charges.
- i. For providing a false name or social security number or for failing to disclose, upon request, that past services have been received and not paid for under a different name or social security number.
- j. Withdrawal or termination of the proper permits, certification or rights-of-way.

12.1.3 Notice

The notice provided for in Section 12.1.2 shall consist of not less than fourteen (14) days notice sent by first class prepaid mail deposited in a United States mailbox and addressed to the Customer at his last known mailing address appearing on the records of the Company. The notice shall conform with the requirements of the COMAR.

12.2 Reconnection Charge

Service disconnected by the Company for any reason set forth in Section 12.1 shall be restored only on payment of the appropriate reconnection charge stated below in addition to the previous balance due under the Customer’s contract.

Any Customer whose service has been disconnected may be required to post a deposit in order to have service reconnected.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

PART II - TERMS AND CONDITIONS

SECTION 12 – COMPANY’S RIGHT TO DISCONTINUE SERVICE (continued)

Time of Reconnection

Reconnection Charge

8 a.m. to 4:00 p.m.	Mon - Fri., excluding Company Holidays	\$35
4:00 p.m. to 11:00 p.m.	Mon - Fri., Weekends & Company Holidays	\$45
11 p.m. to 8 a.m.	Any Day	No reconnections performed

Disconnection

At location other than meter	\$70
------------------------------	------

12.3 Collection of Payments at the Premises

At the Company’s option, the Customer may avoid service termination for non-payment of bills by making payment of the past due balance due to a Company representative at the premises.

In addition to payment of the past due balance, there shall be a fee of \$35 per trip to the premises for collection of payments.

Installment payments or any other agreements shall be made through an authorized Company representative.

Issued: July 1, 2017

Signed: Hugh E. Grunden

Effective: July 1, 2017

Title: President & CEO

PART II - TERMS AND CONDITIONS

SECTION 13 – DISCONTINUANCE OF SERVICE BY CUSTOMER

13.1 Notice to Discontinue

The Customer must give the Company at least five (5) days written notice to discontinue service unless otherwise agreed upon and shall be liable for service taken until the meter has been disconnected or read. Such notice prior to the expiration of a contract term shall not relieve the Customer from any minimum or guaranteed payment under any contract or Service Classification.

13.2 Completion of Term

If, by reason of any act, neglect or default of a Customer or its agent, the Company's service is suspended, or the Company is prevented from providing service in accordance with the terms of any contract it may have entered into, the minimum charge for the unexpired portion of the contract term shall become due and payable immediately as liquidated damages in lieu of the anticipated returns from the said contract.

13.3 Final Bill

The final bill for service shall be based on an actual meter reading, unless the Company cannot gain access to the premises, and is due and payable when rendered.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

PART II - TERMS AND CONDITIONS

SECTION 14 – EXTENSIONS

14.1 General

Extensions to the Company's natural gas system shall be provided, owned and maintained under the terms and conditions herein enumerated.

Extensions, as used in this section, refer to gas mains and associated materials that must be constructed along public streets, roads and highways, or on private property from the Company's existing gas system to the service.

Extensions shall be designed according to accepted industry practices to provide adequate service and shall be installed in accordance with the rules and regulations of the Public Service Commission of Maryland, and shall be designed with sufficient capacity and suitable materials which, in the Company's judgment, shall assure that the Applicant, or Customer, shall receive safe, adequate and reasonable gas service for the foreseeable future. Modifications to the Company's design, requested by the Applicant, shall be made when such modifications are acceptable to the Company in its sole judgment.

Where the Applicant requests the Company to install facilities which are more costly than those proposed to be furnished by the Company, the Applicant shall pay the Company the difference in cost between the requested installation and that deemed necessary by the Company.

14.1.1 Company Ownership

The Company shall provide, own and maintain gas main extensions. The estimated cost of an extension shall include all direct and related work performed by the Company or its subcontractors to make service available in accordance with good engineering practices. The estimated installed cost shall be derived from the Company's recent costs for extensions of various lengths and pipe sizes under substantially similar conditions. The estimated cost of an approach main or main for the supply of service includes the cost of additions to existing mains necessary to provide adequate supply of gas from the nearest point or points.

14.1.2 Customers Initially Served

For the purpose of definition, those Customers to be initially served shall be considered as buildings under construction at the time the contract for the extension is signed. As additional facilities are needed to serve additional Customers, the Applicant may be required to make an additional deposit or may receive a refund accordingly.

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Effective: July 1, 2017	Title: President & CEO

PART II - TERMS AND CONDITIONS

SECTION 14 – EXTENSIONS (continued)

14.1.3 Main and Service Extension

When a gas main extension and service are both required to provide service to a non-residential Customer, the Estimated Revenue shall be compared to the total estimated investment of the line extension and service.

14.1.4 Company Maintenance of Private Facilities

Where Customers are served from private facilities, the Company may, upon request, provide maintenance to such facilities with all costs borne by the Customer.

14.2 System Extension Procedure

14.2.1 Application for Extension

Extensions are made when a Customer has made application by completing the appropriate forms and has agreed and signed for service from a proposed extension for which right-of-way, permits and conditions required by the Company's rules and practices have been obtained, and upon full payment of charges for the extension by the Customer.

14.2.2 Extension Contract

Application for service constitutes a contract and permission to install main and service line extensions, or portions thereof, on the owner's property where such extension is solely for his or his tenant's use. Suitable rights-of-way are required for all other extensions, including the right to extend main or service line along and adjacent to thoroughfares and lot lines to adjacent properties. Any subsequent relocation of all or part of such extensions made at the request of any owner or tenant, or required in the opinion of the Company, by any change in structure or other activity of such owner or tenant, shall require payment by him of the Company's charges for such relocation.

14.2.3 Customer Responsibility

The Customer shall be responsible for the preliminary grading of his property to within 6 inches of final grade before the Company commences construction of its extension to meet the Customer's service requirements.

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Effective: July 1, 2017	Title: President & CEO

14.2.4 Extension to Multiple Customers

Where two or more Customers are to be served from a main extension, each Customer shall contract individually with the Company for the appropriate charges, if any, applicable to each.

14.2.5 Company Design of Extensions

The Company provides the design and layout for all extensions. The Applicant shall furnish in a format acceptable to and as required by the Company, at no charge to the Company, property plats, utility plans, grading plans, roadway profiles, property line stakes, grade stakes and other items showing details of proposed construction. This information is required in reasonable time to allow the Company to design and construct its facilities in a safe and efficient manner to meet service requirements and to comply with applicable laws, company standards, codes, and rules and regulations.

14.2.6 Applicant's Responsibility

Each Applicant will cooperate with the Company, in an effort to keep the cost of construction and installation of the underground gas distribution system as low as possible. Additional costs arising from failure of the Applicant to cooperate with the Company, such as his making changes in grade or failing to maintain grade, shall be borne by the Applicant.

14.3 Charges for Extensions

14.3.1 Evaluation of Extensions

The extension of the approach main and service line to the meter for residential and commercial Applicants is evaluated on the merits of each projects economics. Subject to an economic test, a Contribution in Aid of Construction may be required from the Applicant.

14.3.2 Cost of Paving

For existing developed areas the cost of breaking and replacing paving, including sidewalks and lawn repairs, if any, is not included in any economic test and is chargeable to the Applicant.

14.3.3 Contribution in Aid of Construction

The Contribution in Aid of Construction for gas main and service line installations shall be paid prior to the commencement of the installation.

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Effective: July 1, 2017	Title: President & CEO

14.3.4 Costs Subject to Repayment by Applicant

Notwithstanding any other extension provision, extension of facilities requested by the Applicant, and installed by the Company, that are not used as originally indicated by the Applicant within 12 months of installation, shall be subject to the repayment by the to the Company. Repayment shall include the Company's entire cost of installation and any applicable estimated costs of removal, less salvage costs, of all facilities initially installed for the supply of such service.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

PART II - TERMS AND CONDITIONS

SECTION 15 – CURTAILMENT POLICY

15.1 Gas Supply Curtailment

In the event it is necessary for the Company to impose curtailment of natural gas supply to its Customers due to a shortage of gas supply deliveries, this plan shall be implemented. A shortage of gas supply shall include but is not limited to a reduction or interruption of natural gas supplies from transmission pipelines that would prevent the Company from providing gas service to all its Customers; the Company's peak day supply of natural gas proves to be insufficient; or the Company experiences a distribution system failure.

The Company may, at its sole discretion, curtail or temporarily discontinue or reduce, without incurring any liability for any subsequent loss or damage which the Customer may sustain by reason of such curtailment or discontinuance of gas supply, gas service to its Customers in the priorities set forth below in inverse order.

When immediate action is required to protect distribution system deliverability and integrity, gas supply to specific areas of the distribution system may be temporarily discontinued resulting in complete curtailment of all Customers within the area.

The Company will curtail Service in the following order, starting with Priority 4:

Priority 1 – Essential Human Needs Customers. This includes all rate schedule "R" Customers, as well as hotels, motels, dormitories, hospitals, nursing homes, plant protection, water and sewer treatment, police and other institutions essential for the public welfare.

Priority 2 – Firm Commercial Service. Rate Schedule "C"

Priority 3 – Firm Large Commercial and Industrial Service. Rate Schedule "LC"

Priority 4 – Interruptible Customers.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

PART II - TERMS AND CONDITIONS

SECTION 16 – PURCHASED GAS CHARGE

16.1 Provision for Charge

The rate for monthly consumption for firm sales of gas set forth in rate schedules “R”, “C”, and “LC” of the Company shall include an amount per CCF herein described which is called the Purchased Gas Charge (PGC).

16.1.1 The cost of purchased gas as used in determination of the PGC shall include, but not be limited to, costs of the following sources of gas including related transportation, storage and handling costs required for delivery to the Company:

- a) Natural gas from pipeline and other suppliers including storage, exchange, transportation service and take-or-pay costs. (FERC Acct. No. 7300000)
- b) Liquefied Natural Gas (LNG) (FERC Acct. No. 7310001)
- c) Liquefied Petroleum Gas (LPG) (FERC Acct. No. 7310002)
- d) Other hydrocarbons distributed to Customers or used as feedstock for production of Substitute Natural Gas (SNG) (FERC Acct. No. 7310003).

16.2 Calculation

The PGC, calculated to the nearest tenth of a cent per CCF, shall be computed monthly. The cost of gas per CCF is determined by dividing the demand costs (D) plus the estimated commodity costs (C) for the next billing month by the projected billable sales (S) for the period. The Actual Cost Adjustment (ACA) and any Supplier Refund Adjustments (SRA) are then applied to the PGC.

$$PGC = ((D+C)/S) + ACA - SRA$$

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Effective: July 1, 2017	Title: President & CEO

PART II - TERMS AND CONDITIONS

SECTION 16 – PURCHASED GAS CHARGE (continued)

16.3 Supplier Refund Adjustment

When a refund is made to the Gas Department by suppliers by reason of a retroactive decrease in rates applied to the gas purchased, appropriate credits, including interest at the rate prescribed by the Commission, will be made to Customers.

16.4 Actual Cost Adjustment

Any difference between the sum of Purchased Gas Charge revenues collected in a billing month and the actual cost of gas in the same month is accumulated for the twelve (12) months ending November 30. The balance so determined shall be applied as a constant credit or debit to the Purchased Gas Charge for a period of twelve (12) months beginning with the succeeding January. The Actual Cost Adjustment to the nearest tenth of a cent per CCF is determined by dividing the twelve (12) month balance by the estimated sales for the twelve (12) months over which the adjustment will apply.

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Effective: July 1, 2017	Title: President & CEO

PART II - TERMS AND CONDITIONS

SECTION 17 – BILLING NORMALIZATION ADJUSTMENT

17.1 Billing Normalization Adjustment

Customers who are part of the Residential “R” and Commercial “C” Service Classifications of the Company shall be billed a rate per CCF herein described which is called the Billing Normalization Adjustment (BNA). This rate shall be calculated to the nearest tenth of a cent per CCF. The Company’s revenue requirement per average customer use per month (authorized base revenues) during the test year, as established in the latest base rate proceeding, shall serve as the basis for the BNA rate calculated each month. The BNA will be calculated separately for the Residential and Commercial rate classes.

The actual base rate revenue collected per average customer for the month is compared to the authorized base rate revenue per average customer per the same month during the test year and any difference is divided by estimated sales for the billing month to arrive at the BNA base rate per CCF to be billed. Any difference between actual and estimated sales is reconciled in the determination of the BNA in a subsequent month. The Actual Billing Adjustment, which is a fixed rate per calendar year as described in Section 17.2 below, shall be included in the BNA. Details of the calculation of the BNA shall be filed quarterly with the Commission.

17.2. Actual Billing Adjustment (ABA)

Any difference between the sum of the BNA revenues collected and the allowed amounts is accumulated for the twelve (12) months ending November 30. This balance shall be included with any over or under-collected amounts from the prior year’s ABA calculation. The balance so determined shall be applied as a credit or debit to the BNA rate beginning with the succeeding January. The ABA to the nearest tenth of a cent per CCF to be billed is determined by dividing the twelve (12) month balance by the estimated sales for the twelve (12) months over which the adjustment will apply. Details of the calculation of the ABA shall be filed annually with the Commission.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

PART III - RATES

RESIDENTIAL SERVICE
RATE SCHEDULE R

A. Availability

This schedule is available for firm gas service to Customers for domestic purposes by individual meter in a single family dwelling or in an individual apartment. Except as otherwise provided herein, the application of this schedule is subject to the Terms and Conditions of the Company as they may be in effect from time to time, as filed with the Public Service Commission.

B.

Rate for Monthly Consumption:	For Bills Rendered Between 7/1/2017 and before 1/1/2018	Bills Rendered on and after 1/1/2018
Customer Charge per month plus:	\$10.33	\$11.00
Distribution Charge cents per CCF:	\$0.3903	\$0.4375

C. Purchased Gas Charge:

The charges specified in this rate shall be subject to an adjustment per CCF for purchased gas costs in accordance with Section 16 of the Terms and Conditions of Service.

D. Billing Normalization:

The charges specified in this rate shall be subject to an adjustment per CCF for billing normalization in accordance with Section 17 of the Terms and Conditions of Service.

E. The Minimum Monthly Bill:

The minimum monthly bill shall be the Customer Charge.

F. Late Payment Charge:

See Section 3.5.

G. Charges for Temporary Discontinuance of Service

Whenever service under this rate schedule has been temporarily discontinued at the request of the Customer, a charge equal to the Customer Charge times the number of months of discontinued service will be made for reestablishing such service.

Issued: July 1, 2017	Signed: Hugh E. Grunden
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COMMERCIAL SERVICE

RATE SCHEDULE C

A. Availability

This schedule is available for firm gas service to Customers for non-domestic purposes whose average monthly consumption is less than 2,000 CCF per month, and supplied through one meter or a battery of meters. Any Customer served under this Service Classification shall remain on this Classification for at least twelve (12) billing months, even though such Customer's average monthly consumption in succeeding months may be 2,000 CCF or more. After such twelve (12) billing months, at the Customer's option, the Customer may be transferred to Service Classification LC provided the Customer has had an average monthly consumption of at least 2,000 CCF per month for the preceding three calendar years. Except as otherwise provided herein, the application of this schedule is subject to the Terms and Conditions of the Company as they may be in effect from time to time, as filed with the Commission. The Company reserves the right to change Service Classification based on actual Customer usage.

B.

Rate for Monthly Consumption:	For Bills Rendered Between 7/1/2017 and before 1/1/2018	Bills Rendered on and after 1/1/2018
Customer Charge per month, plus:	\$33.25	\$33.25
Distribution Charge cents per CCF:	\$0.2307	\$0.2655

C. Purchased Gas Charge:

The charges specified in this rate shall be subject to an adjustment per CCF for purchased gas costs in accordance with Section 16 of the Terms and Conditions of Service.

D. Billing Normalization:

The charges specified in this rate shall be subject to an adjustment per CCF for billing normalization in accordance with Section 17 of the Terms and Conditions of Service.

E. Minimum Monthly Bill:

The minimum monthly bill shall be the Customer Charge.

F. Late Payment Charge

See Section 3.5.

G. Charges for Temporary Discontinuance of Service:

Whenever service under this rate schedule has been temporarily discontinued at the request of the Customer, a charge equal to the Customer Charge times the number of months of discontinued service will be made for reestablishing such service.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

LARGE COMMERCIAL & INDUSTRIAL SERVICE

RATE SCHEDULE LC

A. Availability

This schedule is available for firm gas service to Customers for large commercial and/or industrial purposes whose average monthly consumption is 2,000 CCF or greater, and supplied through one meter or a battery of meters. Any Customer served under this Service Classification shall remain on this Classification for at least twelve (12) billing months, even though such Customer's average monthly consumption in succeeding months may be less than 2,000 CCF. After such twelve (12) billing months, any Customer taking Service under this Service Classification whose average monthly consumption is less than 2,000 CCF per month for the preceding three calendar years will be automatically transferred to Service Classification C effective with the next succeeding billing month. Except as otherwise provided herein, the application of this schedule is subject to the Terms and Conditions of the Company as they may be in effect from time to time, as filed with the Commission. The Company reserves the right to change Service Classification based on actual Customer usage.

B.

Rate for Monthly Consumption:	For Bills Rendered Between 7/1/2017 and before 1/1/2018	Bills Rendered on and after 1/1/2018
Customer Charge per month, plus:	\$214.00	\$214.00
Distribution Charge:		
First 10,000 CCF cents per CCF:	\$0.1723	\$0.1945
Over 10,000 CCF cents per CCF	\$0.1232	\$0.1350

C. Purchased Gas Charge:

The charges specified in this rate shall be subject to an adjustment per CCF for increases or decreases in the supplier rates for purchased gas, in accordance with Section 16 of the Terms and Conditions of Service.

D. Billing Normalization:

The charges specified in this rate shall be subject to an adjustment per CCF for billing normalization in accordance with Section 17 of the Terms and Conditions of Service.

E. Total Minimum Monthly Bill:

The minimum monthly bill shall be the Customer Charge.

F. Late Payment Charge

See Section 3.5.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

- G. Charges for Temporary Discontinuance of Service:
Whenever service under this rate schedule has been temporarily discontinued at the request of the Customer, a charge equal to the Customer Charge times the number of months of discontinued service will be made for reestablishing such service.

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Effective: July 1, 2017	Title: President & CEO

EXHIBIT 3
(Replacement)



ELECTRIC SERVICE TARIFF

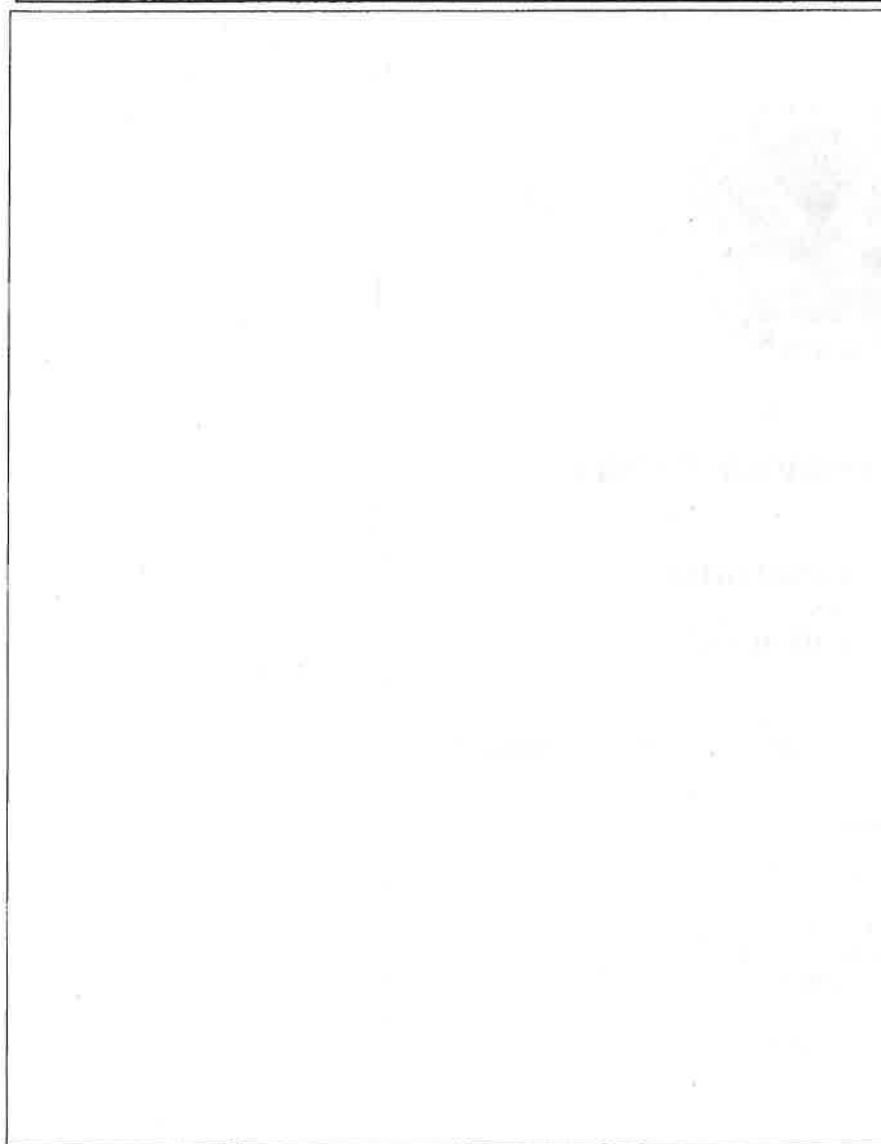
TERMS, CONDITIONS AND RATE SCHEDULES

(This Electric Service Tariff Supersedes P.S.C. Md. No. 87 together with all supplements)

Latest Revision:
~~November 7, 2008~~
July 1, 2017

Easton Utilities
201 N. Washington Street
Easton, MD 21601
(410) 822-6110

Issued: November 7, 2008 <u>July 1, 2017</u>	Signed: Hugh E. Grunden
Effective: November 7, 2008 <u>July 1, 2017</u>	Title: President & CEO



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Effective: November 7, 2008 July 1, 2017	Title: President & CEO
Issued: April 30, 2009	Signed: Hugh E. Grunden
Effective: June 1, 2009	Title: President & CEO

RULES AND REGULATIONS

PART I – GENERAL

A. Definition of Terms

The words listed below shall have the following meanings when used in this tariff:

Account – An account is one metered or unmetered rate or service classification which normally has one electric delivery point of service. Each account shall have only one electricity supplier providing full electric supply requirements for that account. A premises may have more than one account.

Ancillary Services – Services that are necessary for the transmission and distribution of electricity from supply sources to loads and for maintaining reliable operation of the transmission and distribution system.

Applicant – Any person, corporation or other entity that: (i) desires to receive from the Company electric or any other service provided for in this Tariff, (ii) complies completely with all Company requirements for obtaining electric or any other service provided for in this Tariff, (iii) has filed and is awaiting Company approval of its application for service, or (iv) is not yet actually receiving from the Company any service provided for in this Tariff. An Applicant shall become a Customer for purposes of this Tariff only after the Applicant actually starts receiving the applicable service(s) from the Company under this Tariff.

Commission – Public Service Commission of Maryland

Company – Easton Utilities Commission d/b/a Easton Utilities

COMAR – Code of Maryland Regulations

Contribution in Aid of Construction – An amount of money or its equivalent provided to the Company by a Customer toward construction of utility plant. These amounts shall be credited to the accounts charged with the cost of such construction.

Customer – Any adult person, partnership, association, corporation, or other entity: (i) in whose name an account is listed, (ii) who occupies or is the ratepayer for a premises, building, structure, etc. and (iii) who is primarily responsible for payment of bills. Multiple premises or sites under the same name are considered multiple Customers.

Customer Charge – A charge designed to recover the costs the Company incurs for providing such services as metering, reading the meter(s), customer service, and providing dedicated delivery service and billing the Customer's account.

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Issued: November 7, 2008 July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008 July 1, 2017	Title: President & CEO

RULES AND REGULATIONS

PART I - GENERAL -- (continued)

Demand – The rate of use of energy during a specified time interval, expressed in kilowatts.

Designee – Any adult person, partnership, association, corporation or other entity who is authorized by the Customer to receive their electric metered and billing data.

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Issued: ~~November 7, 2008~~ July 1, 2017
Effective: ~~November 7, 2008~~ July 1, 2017

Signed: Hugh E. Grunden
Title: President & CEO

RULES AND REGULATIONS

PART I - GENERAL (continued)

Distribution Facilities – Electric facilities owned by the Company that operate at voltages of 25,000 volts or below and that are used to deliver electricity to Customers, up through and including the point of physical connection with electric facilities owned by the Customer.

Extension – Portion of the Company's electric distribution system from the Company's existing electric system to the Customer's lot line.

kW, kilowatt – 1,000 watts.

kWh, kilowatt-hour – 1,000 watts for one (1) hour, or 1,000 watt-hours

NFEC – National Electrical Safety Code

PJM Interconnection, LLC or ("PJM") – PJM Interconnection is a regional transmission organization (RTO) that coordinates the movement of wholesale electricity among a number of states: Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. The Pennsylvania-New Jersey-Maryland Independent System Operator that is responsible for the operation and control of the bulk electric power system throughout all or portions of Maryland and (12) twelve other states: Delaware, Pennsylvania, New Jersey, Maryland, Virginia and the District of Columbia.

Premises – A premises is one contiguous property or site which normally has one delivery point of service and one or more metered or unmetered rate or service classes, each of which is an Account, that when totaled equals the entire electricity used at that one premises or site. Multiple premises or sites under the same name are considered multiple Customers.

Residence – Applicable to one family residences or one family apartments/apartments within the Company's territory for electric service.

Service – Portion of the Company's electric distribution system from the Customer's lot line to their building.

Service Classification – Service is classified as one of the following rate schedules offered by the Company: Residential Service, Commercial-General Service, or Large Commercial & Industrial Service. Street and Highway Lighting, or Nonresidential and Small Electric Generation.

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Title: President & CEO

RULES AND REGULATIONS

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PART I - GENERAL (continued)

Universal Service Program and Charge – A fund established under the Electric Customer Choice and Competition Act of 1999 which is used for low income fuel assistance and weatherization programs within the Company's service territory.

B. Filing and Posting

This Electric Service Tariff is supplemental to the "Regulations Governing Service Supplied by Electrical Companies" of the Public Service Commission of Maryland and comprises the Rules and Regulations of service and the Service Classifications under which electricity shall be delivered and supplied to its Customers by the Company. The

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PART I - GENERAL - (continued)

Tariff is part of every contract for service. A copy of this Tariff is on file with the Public Service Commission of Maryland and open ~~for~~ inspection in each of the offices of the Company, ~~as well as on the Company's website.~~

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C. Revisions

This Tariff may be revised, amended, supplemented or otherwise changed from time to time, in accordance with rules and procedures of the Public Service Commission of Maryland.

D. Statement of Agents

No representative of the Company has authority to modify any rule or provision of this Tariff, or to bind the Company by any promise or statement contrary thereto, unless the same shall be incorporated in a written contract.

E. Rules and Regulations

The Rules and Regulations are a part of every contract for service and govern all classes of service unless otherwise specifically stated by a Service Classification.

F. No Prejudice of Rights

The failure by the Company to enforce or the decision not to enforce any of the provisions of this Tariff shall not be deemed a waiver of the right to do so.

G. Gratuities to Employees

The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered.

RULES AND REGULATIONS

PART I - GENERAL - (continued)

H. Resolution of Disputes

When an Applicant or Customer has an issue to resolve with the Company, they should first contact the Company to resolve the issue. The Company and the Applicant or Customer shall use good faith and reasonable efforts to informally resolve the issue. If

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the Applicant or Customer wishes to file a formal complaint to resolve a dispute involving the Company, they may do so through the use of the procedures of the Public Service Commission of Maryland.

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RULES AND REGULATIONS

PART II – APPLICATION AND CONTRACT FOR SERVICE

A. Application for Service

A written application for service is required from each Customer. This application when executed by the Company constitutes the contract between the Company and the Customer, subject to the terms of the applicable Service Classification, and these Rules and Regulations. Charges for service shall begin at the time service is made available to the Customer.

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B. Right to Reject Application

The Company may reject any application for service if the Applicant does not meet all the requirements of the Rules and Regulations of this Tariff. The Applicant shall be given the reason or reasons for rejection of the application for service, in writing if requested.

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C. One Point of Delivery

The Service Classifications of this Tariff, unless otherwise stated, are based upon the service to a single metering point. The Company shall provide only one metering installation for each class of service. The use of service at two or more separate properties shall not be combined for billing purposes.

The Company reserves the right to deliver service to more than one point where the Customer's load or service requirements necessitate such delivery. This procedure is applicable to non-residential customers having extensive operations in a contiguous area. Where the Customer desires an extra delivery circuit, the Customer shall pay the estimated costs of the additional facilities, including any applicable taxes associated with Contribution in Aid of Construction or otherwise.

D. Service at New Locations

Service at new locations shall be rendered only when all bills for service to the Customer at any other locations have been paid, or credit arrangements satisfactory to the Company have been made.

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E. Distribution of Customer's Metered and Billing Data

Upon the Customer's request, the Company will provide one year of Customer's historical electric metered and billing data to the Customer or its designee at no charge. Requests for broader information may be provided at actual cost.

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RULES AND REGULATIONS

PART II – APPLICATION AND CONTRACT FOR SERVICE (continued)

F. Service Contracts

Standard contracts shall be for terms as specified in the applicable Service Classification. Where large or special investment is necessary for delivery service, or where service is to be used for temporary, or unusual purposes, contracts for terms other than specified in the Service Classification, or with special guarantees of revenue, or both, may be required. The size of any required Contribution in Aid of Construction shall include all applicable taxes.

G. Temporary Service

Temporary Service is service, ordinarily not recurrent in nature, required for temporary construction power, structures or locations. Temporary Service shall be rendered only when and where the Company has the necessary facilities available to render the service applied for, without detriment to the service of other Customers.

The Customer shall pay in advance the estimated cost of installation and removal of required facilities installed for the sole purpose of the temporary service. A deposit may be required, in advance, sufficient to cover the installation and removal, materials not returnable, and the estimated cost.

Temporary Service is available ~~only~~ under Service Classification "GS-S", on a short-term basis. The minimum monthly bill for this Service shall be as specified under the provisions of classification "GS-S". The Customer is required to inform the Company in writing when Temporary Service is no longer needed.

H. Rights-of-Way/Permits

1. General

The Applicant requesting electric delivery service shall furnish, without expense to the Company, suitable rights-of-way or permits in a form approved by the Company for the installation of facilities on, over, under and across the premises of the Applicant for the purpose of providing electric delivery service to the Applicant and to the premises and other users in the vicinity.

If it is necessary to acquire such rights or permits from others, such as abutting property owners, lessors, railroads, etc., in order for the Company to serve the Applicant, then the Applicant shall be responsible for obtaining such rights or permits as the Company deems necessary.

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PART II – APPLICATION AND CONTRACT FOR SERVICE (continued)

Where, due to the nature of the property to be served, the Company finds that the exact boundaries are of critical importance, the Applicant shall locate and mark such boundaries by an approved method and to the reasonable satisfaction of the Company.

The Applicant shall be responsible for clearing all trees, tree stumps and other obstructions from the construction area as designated by the Company, said clearing to be completed in reasonable time to meet service requirements. The Company shall be responsible for any additional tree trimming that may be required for the clearance and safety of its facilities.

The construction area as designated by the Company shall be graded to within six (6) inches of final grade before the Company will commence construction. Grade stakes shall be provided within ten (10) feet of any planned on grade utility equipment.

If subsequent to construction start-up, the Company is required to relocate or adjust any of its installed facilities due to change in grade, adjustments of property lines or change in plans, the cost of such relocation, including any applicable taxes associated with Contributions in Aid of Construction or otherwise, shall be borne by the Applicant, its successors or assigns.

The Company shall own, operate, and maintain underground and overhead distribution lines only along public streets, roads, and highways which the Company has the legal right to occupy, and on public lands and private property across which rights-of-way and easements satisfactory to the Company may be obtained within a reasonable time and without cost or condemnation by the Company.

The Company is not responsible for damages to Customer owned facilities located in any rights-of-way.

The Company is not responsible for any underground facilities not located under the Miss Utility Law.

—2. Required Property Information

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The Applicant shall furnish in a format acceptable to and required by the Company, at no charge to the Company, property plats, utility plans, grading plans, roadway profiles, property line stakes, grade stakes and other items

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RULES AND REGULATIONS

PART II - APPLICATION AND CONTRACT FOR SERVICE (continued)

showing details of proposed construction. This information is required in reasonable time to allow the Company to design and construct its facilities in a safe and efficient manner to meet service requirements and to comply with applicable laws, company standards, codes, and rules and regulations.

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I. Hazardous Conditions

The Applicant shall notify the Company of any hazardous conditions which employees may encounter on the customer's property while installing or maintaining service. Where hazardous conditions exist which may impact the welfare of Company employees, the Company reserves the right to withhold service or require the Applicant to provide a non-hazardous route for necessary service facilities. The Applicant shall be responsible for all estimated costs required of the Company to meet applicable ~~environmental~~ environmental or other hazardous condition laws required of our employees specifically for installation of the Applicant's service.

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PART III – CUSTOMER'S DEPOSIT

A. Customer's Deposit to Guarantee Payment of Final Bills

The Company may require a cash deposit from an Applicant or an existing Customer for each account until satisfactory credit is established in accordance with the ~~Code of Maryland Regulations~~ COMAR to guarantee payment of final bills for service rendered. The Company reserves the right to hold either an aggregate deposit for all deposits for all accounts for a single Customer or multiple deposits for separate accounts for a single Customer. Where the Company holds more than one deposit for separate accounts for the same Customer, the Company shall administer each deposit individually. Such deposit shall not be more in amount than two-twelfth (2/12) of the estimated annual applicable revenue or as may be reasonably required by the Company in cases involving a service for short periods. Service may be denied or terminated for failure to pay a deposit when requested. Deposits shall not be applied against current delinquent bills.

Required deposits may be deferred at the Customer's Request to the first month's bill or may be paid in installments over three (3) consecutive monthly billing periods. Customers with a prior unpaid balance may be required to pay the full deposit prior to establishing new service.

Simple interest on deposits at a rate established annually by the Public Service Commission of Maryland shall be applied annually as a credit to the Customer's account. The deposit shall cease to draw interest on the date it is returned, on the date service is terminated or on the date notice is sent to the Customer's last known address ~~that~~ the deposit is no longer required.

Deposits may be refunded after one (1) year for Residential deposits and after four (4) years for Non-Residential deposits and after satisfactory credit has been established. Satisfactory credit for Residential deposits is defined as (i) payment of the last twelve (12) consecutive monthly bills without more than two past due bills (ii) ~~no disconnects for non-payment~~ and (iii) ~~no arrears~~ without an outstanding unpaid previous balance. Satisfactory credit for Non-Residential deposits is defined as payment of the twenty-four (24) consecutive monthly bills.

All deposits shall be collected and administered pursuant to the requirements set forth in the ~~Code of Maryland Regulations~~ COMAR.

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PART IV - PAYMENT TERMS

A. Billing Period

~~The rates are stated on a monthly basis and bills are rendered monthly following the supply of service based on electric meter readings.~~

B. When Bills are Payable

~~All bills are due and payable upon presentation.~~

~~C. Estimated Bills~~

~~When the Company's meter reader is unable at any regular reading date to read the Customer's meter, the Company may estimate the Customer's electric usage and render an estimated bill.~~

~~D. Returned Checks Payments~~

~~Checks received in payments received of any bills or charges rendered which are returned to the Company unpaid by the Customer's bank, shall result in an additional charge of twenty-five (\$25) per check per occurrence, which charge shall be levied against the Customer's account. Proper notice of the returned payment check and the charge shall be mailed to the Customer, by first class mail.~~

~~E. Late Payment Charge~~

~~Bills are due and payable upon presentation. If payment is not received by the Company prior to the next scheduled meter reading date, a late payment charge of one and one-half percent (1-1/2%) of the unpaid balance, less applicable taxes and environmental surcharge shall be added to the next billing unless prohibited by law. The total late payment charge for any original balance shall not exceed five percent (5%).~~

~~F. Installment Payments~~

~~Any Customer may request an installment payment agreement as an optional means for payment of Service delinquent charges and to avoid service termination resulting from those delinquent charges. An installment payment agreement is between the Customer and the Company, which guarantees payment by the Customer for the amount of the agreement over the specified period. Installment payment agreements shall be made through an authorized Company representative. All requests for installment payment~~

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agreements are subject to Company approval and the Company may require these agreements to be signed

RULES AND REGULATIONS

PART IV - PAYMENT TERMS(continued)

by the Customer and by a Company-authorized employee. A service charge of one and one half percent (1-1/2%) per month shall be applied on the unpaid balance due under this agreement. The balance amount of the agreement is not

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PART IV - PAYMENT TERMS (continued)

subject to the provisions of the late payment charge. Failure of the Customer to meet the conditions of this installment payment agreement including prompt payment of the current bill shall constitute a breach of this agreement and entitle the Company to pursue collection and termination procedures pursuant to the applicable rules and regulations of the Public Service Commission of Maryland.

FC. Budget Billing

Budget billing provides a payment plan which allows Customers to levelize their monthly bills. The Budget Billing Plan is available to all Residential "R" and General Service Small "GS-S" Customers. "GS-S" Customers may be initially placed on the plan only in the billing months of April, May, October and November. Any such qualifying Customer who does not have a delinquent service balance outstanding may elect to be placed on budget billing. Under this plan, the Customer shall be billed for eleven (11) months on an estimated budget amount basis with the twelfth month as the settlement month. The billing for the settlement month shall consist of the difference between the actual amount due to date and the budget amount paid to date.

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PART V – ADMINISTRATION OF SERVICE CLASSIFICATION

A. Load Inspections

A Company representative shall have access to the premises at reasonable times to inspect and measure the connected load.

B. Billing Changes

When demands are reassessed or redetermined, or power factor recomputed or remeasured, as the result of an investigation made at the Customer's request or by routine inspection, the change of billing to the new demand or power factor shall first apply to the bill for the billing period during which the investigation is made.

C. Company Assistance

The Company upon request shall assist the Customer in the selection of the most appropriate Service Classification, but the duty and responsibility of making the selection shall at all times rest with the Customer.

D. Changing Service Classifications

The Company reserves the right to change Service Classification based on actual customer usage.

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PART VI - CUSTOMER'S INSTALLATION

A. Customer's Wiring

All of the Customer's wiring and appurtenances shall be furnished and installed by the Customer.

B. Description of Installation

The Customer, before connecting or purchasing any substantial electrical equipment, shall present in writing to the Company a list of devices which are to be installed giving the location of the proposed installation, so that the Company may advise the Customer of the character of the service the Company shall furnish and the point at which service shall be connected and metered.

In those cases where the Company deems it necessary, the Customer shall present in writing complete specifications of equipment, loads, location plans, vaults, cable runs, substations, and other data required, so that the Company may advise the Customer of the character of the service the Company shall furnish, the point at which it shall be connected and metered and any other requirements associated with the special conditions of the service.

For secondary underground residential and general services, the Company will own and maintain all wiring to the meter point. For overhead residential and general services the Company is responsible for the wiring up to the weather head connection point. For all general and residential services, the meter socket shall be supplied and maintained by the Customer.

For primary service customers the terminus of the Company's service from which the customer runs all wiring is, for the various types of supply, as follows:

- a) Overhead with Customer owned Primary and Transformation: The Customer's wiring shall terminate at the load side bushings in a ground level primary metering enclosure supplied by the Company. The Company shall be responsible for the primary riser and line side connections to the primary meter enclosure.
- b) Overhead with Company owned Primary and Transformation: The Customer's wiring shall terminate at any transformer secondary. The Customer, or their electrician, shall not enter any Company overhead line approach boundary as defined in the NESC without express written prior

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Company approval. The overhead line shall be deenergized where practicable or performed only by individuals specifically trained in
RULES AND REGULATIONS

PART VI – CUSTOMER'S INSTALLATION (continued)

overhead hot line work and authorized to enter an NESC approach boundary.

- c) Underground with Customer owned Primary Transformation: The Customer's wiring shall terminate at the load side bushings in a ground level primary metering enclosure supplied by the Company. The Company shall be responsible for the primary line side connections to the primary meter enclosure.
- d) Underground with Company owned Primary and Transformation: The Customer's wiring shall terminate at the transformer secondary. The Customer, or their electrician, shall not enter any Company equipment without express written prior Company approval.

Only the Company's representatives may make connections to any Company owned equipment.

C. Electrical Inspection

All new wiring and equipment and changes in wiring and equipment, shall conform to the standards of the National Electrical Code and those of local public authorities in force at the time.

The Company shall render service only after receipt by the Company of a notice of approval issued by the duly recognized inspection agency.

D. Reverse Phase Relay

The Customer shall install at its expense a reverse phase relay of approved type on all motors or other equipment where a definite direction of rotation must be maintained.

E. Phase Protection

The Customer shall install at its expense suitable voltage or current type of devices which will protect its equipment from damage in the event of phase outages.

F. Motors

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The Customer shall advise the Company of the proposed requirements of the type of motor and starting current of the Customer's equipment, as well as the voltage and phase of the service which are desired.

RULES AND REGULATIONS

PART VI - CUSTOMER'S INSTALLATION (continued)

The Company reserves the right to refuse service to single phase motors rated five (5) horsepower or more and to polyphase motors rated less than five (5) horsepower and to polyphase motor installations having a total rating less than six (6) horsepower.

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PART VII- SERVICE AND TRANSFORMER INSTALLATIONS

A. General

Services as used in this section refers to that portion of the Company's electric distribution system necessary to furnish permanent service from the Applicant's lot line to a residential building, mobile home or other commercial, industrial or multiple occupancy building. The Company's system facility from which the service is installed may be on public or private right-of-way. Services shall be installed either overhead or underground in accordance with the policies of the Public Service Commission of Maryland, and shall be designed and constructed with sufficient capacity and suitable material which, in the Company's judgment, shall assure that the Applicant shall receive safe adequate and reasonable electric service for the foreseeable future.

The Company, where system facilities are of adequate capacity and adjacent to the Applicant's premise, will provide, install, and maintain residential services, all to the point of connection with the Applicant's wiring. Such point shall generally be at or near the corner of the building nearest the point at which the electric service line enters the property to be served and must be such that the service will be clear of obstructions and adequately supported. Any modifications requested by the Applicant must be approved by the Company. Services shall not be connected until satisfactory payments or credit arrangements are made to satisfy the charges detailed in this section.

The Company may require the Customer to provide and install at the Customer's expense suitable conduit on the line side of the meter where the Customer installs paving in areas such as roadways, driveways or patios prior to the Company's installation of its cable, or where the cable route is such that future maintenance, repair or replacement would likely require other than direct buried cable installation.

B. Service Installation

1. Residential Service

The Company shall provide, own and maintain residential services. The Applicant shall pay the Company a charge for such new service equal to \$ \$7.49 per foot. There shall be a minimum seventy-five (75) foot charge for single-family dwelling units. All other residential services shall have a thirty (30) foot minimum charge. Any such payments shall not be waived or refunded.

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PART VII- SERVICE AND TRANSFORMER INSTALLATIONS (continued)

2. Non-Residential Services

The Company shall provide, own and maintain non-residential services. The Applicant shall pay for all estimated costs associated with the service. Any such payments shall not be waived or refunded.

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PART VII – SERVICE AND TRANSFORMER INSTALLATIONS (continued)

C. Special Service Conditions

Where the Applicant requests the ~~Company~~ Company and the Company agrees, to install facilities which are more costly than those normally furnished, the Applicant will be charged the difference in cost.

The Applicant shall be responsible to provide a service path, clear of all obstacles for the installation and maintenance of facilities. The path shall be identified by a method approved by the Company. Where the Applicant, by virtue of site conditions, causes a more costly than normal installation or maintenance, the Applicant will be charged the difference in cost.

Where environmental or other hazardous conditions require special work practices to comply with applicable rules or laws, the Company reserves the right to withhold service until a clear non-hazardous access can be provided or to charge the Applicant the additional costs.

Service lines shall not be installed inside or under Applicant's residence or building. Where residential or building extensions have inadvertently covered existing services, Applicant will be charged for immediate relocation as maintenance is required.

When replacement or repair of privately owned services is necessary, the Company may, if agreed to by the Customer, make the necessary repairs or replacements. The Customer shall be charged for all costs incurred by the Company.

D. Modification or Relocation of Existing Services

Any modifications, changes or relocations of existing Company-owned services shall be made by mutual agreement of the Company and the Customer. The Customer shall be charged for such modifications, changes or relocations.

In the event the Company shall be required by any public authority to place underground or relocate any portion of the Company's electric system, The Customer at its expense shall make the necessary changes in the location of its facilities to accommodate such changes. If any extension or modification is required to an existing ~~services~~ service, those costs shall be ~~be the responsibility of~~ borne by the Customer.

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PART VII – SERVICE AND TRANSFORMER INSTALLATIONS (continued)

E. Transformer ~~a~~And Meter Installations

The Company shall make transformer or meter installations on easements and rights-of-way only as permitted by the regulations of the public authorities. The type of metering or load requirements may require the Customer to provide for the installation of transformer facilities on private property.

Non-residential transformer pads are installed by the Company and paid for by the Customer.

—The Company shall be responsible for all line and load side transformer connections.

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PART VIII – METER INSTALLATIONS

A. Meters Provided and Owned by the Company

The Company shall normally furnish, install, maintain and own one (1) set of metering equipment for measurement of the service provided under each contract.

B. Meter Locations

The Company shall designate the location of meter(s). Meter connections shall not be concealed by plaster, sheathing, landscaping or any other means. All meter locations are subject to periodic inspection and require a minimum of a three (3) foot clearance to satisfy meter reading, equipment maintenance requirements and emergency response.

For secondary or primary metered installation, the Customer shall provide on his property, without charge to the Company, suitable space and an approved support, enclosure or other facility as required for mounting of metering equipment.

Where multiple meters are required, each meter position shall be clearly and visibly marked so that each meter position is identified as to the location to which service is being supplied. Meters shall not be installed by the Company until this has been accomplished.

C. Right to Remove Company's Equipment

All meters, instrument transformers or other service equipment supplied by the Company shall remain its exclusive property. The Company shall have the right to remove all its property from the premises of the Customer at any time after the termination of service, whatever may have been the reason for such termination.

D. Reverse Registration

The Company may, by ratchet or other device, control its meters so as to prevent reverse registration.

E. Meter Tests

All meters shall be tested by the Company in accordance with its periodic test schedule and in a manner prescribed by the Public Service Commission of Maryland. Meter tests performed at the request of a Customer shall be made in accordance with Part IX.

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PART VIII - METER INSTALLATIONS(continued)

F. Residential Multiple Occupancy Buildings

Any new residential multiple occupancy building shall be individually metered for each occupancy unit that is individually leased or owned.

G. Unscheduled Meter Reading

Notwithstanding billing disputes, when a Customer requests for a meter reading of a non-demand meter on an unscheduled meter reading date, the Customer shall be charged twenty-five (\$25) per meter for that special meter reading service per occurrence. When a Customer requests for a meter reading of a demand meter on an unscheduled meter reading date, the Customer shall be charged on a time and material basis per meter, not to exceed one-hundred dollars (\$100.00) per meter, for that special meter reading service per occurrence. This special meter reading service shall be for data collection or informational purposes only. This service shall not be used to change the Customer's regular scheduled billing, unless it is agreed to by the Company, at the Company's sole discretion, and at the Customer's additional expense.

H. Remote Reading Devices

The Company, at its discretion or upon request from a Customer may install remote reading devices, subject to availability. Remote reading devices shall be owned, installed and maintained by the Company. When requested by the Customer and approved by the Company, such installation may be made at cost payable by the Customer. The location of the remote reading device shall be subject to Company approval.

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PART VIII - METER INSTALLATIONS (continued)

G. Unscheduled Meter Reading

Notwithstanding billing disputes, when a Customer requests for a meter reading of a non-demand meter on an unscheduled meter reading date, the Customer shall be charged twenty-five (\$25) per meter for that special meter reading service per occurrence. When a Customer requests for a meter reading of a demand meter on an unscheduled meter reading date, the Customer shall be charged on a time and material basis per meter, not to exceed one hundred dollars (\$100.00) per meter, for that special meter reading service per occurrence. This special meter reading service shall be for data collection or informational purposes only. This service shall not be used to change the Customer's regular scheduled billing, unless it is agreed to by the Company, at the Company's sole discretion, and at the Customer's additional expense.

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PART IX - ADJUSTMENT OF CHARGES

A. Fast Watt-Hour Meter

Whenever a watt-hour meter in service is found to have a positive weighted average error, upon test made by the Company or the Public Service Commission of Maryland, that is when it over-registers or is fast, in excess of two percent (2%), the Company shall credit or refund to the Customer an amount equal to the excess paid for the kilowatt-hours incorrectly metered. The refund shall be for the period that the Customer received service through the meter, but for not more than the periods established below:

1. Known Date of Error - If the date on which the error first developed or occurred can be established, the bills for service shall be recalculated from that time.
2. Unknown Date of Error - If the time at which the error first developed or occurred cannot be established, it shall be assumed that the over-registration existed for a period of three (3) years or a period equal to one-half of the time since the meter last tested, whichever is less.

B. Slow or Stopped Meter

When a meter is found, upon test made by the Company or the Public Service Commission of Maryland, to have a weighted negative average error, that is when it under-registers or is slow, in excess of two percent (2%), or to be stopped, or in case of a polyphase meter, to be operating with an inactive element, and the error in registration or failure to operate is not attributable to the negligence of the Company, but is due to some unpredictable cause, such as lightning, tampering or unauthorized overload, the Company shall estimate the proper charge for the unregistered service by reference to the Customer's consumption during similar normal periods or by such methods as the Public Service Commission of Maryland may authorize or direct. Except in cases of tampering, theft, inaccessibility to the meter, or unauthorized overload, the Company shall bill the customer one-half of the unbilled error for a period of 3 months, unless the meter has been tested within that 3-month period, in which event the Company may bill the Customer one-half the unbilled error for the period since the meter was last tested.

C. Demand Meter

Whenever a demand meter is installed, the readings, or indications of which are utilized in computing the charges is found, upon test by the Company or the Public Service Commission of Maryland, to be in error, in excess of the limits indicated below, the

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charges to the Customer shall be adjusted in the same manner as prescribed under watt-hour meters above.

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Title: President & CEO

RULES AND REGULATIONS

PART IX - ADJUSTMENT OF CHARGES (continued)

<u>METER TYPE</u>	<u>LIMITS OF ACCURACY</u>
Integrated Demand Meters	± 2% of full scale reading
Lagged-Demand Meters	± 2% of final indication

D. Requests for Meter Tests

Upon request by a Customer, the Company shall test the Customer's meter provided that such tests need not be made more frequently than once in eighteen (18) months. If tests of meters at the Customer's request are performed more frequently than once in eighteen (18) months, the Company shall charge the Customer thirty dollars (\$30) for testing a non-interval meter. For testing a demand meter, the charge shall be rendered on a time and material basis per interval meter tested, not to exceed five hundred dollars (\$500) per interval meter tested. No charge shall be made for testing meters which upon test are found to exceed the allowable accuracy limits as defined in this section. The Customer, or its representative, may be present when the Customer's meter is tested. A written report of the test shall be mailed to the Customer within ten (10) business days after the completion of the test.

At the Customer's request, the Company will provide the Customer with the Company's time and material cost estimate for testing the Customer's demand meter, prior to the work being performed. If the Customer believes the estimate is unreasonable, the Customer and the Company will work together in good faith to identify a mutually-acceptable third party to perform the meter test where such alternative meter testing shall meet the Public Service Commission of Maryland's meter testing standards. To the extent that a third party performs the work, such work shall be deemed to be performed for the Customer. Each party (the "Indemnifying Party") shall indemnify the other against any claims of third parties arising out of the Indemnifying Party's acts or omissions with respect to the testing of Customer's meter and any associated telemetering equipment.

E. Adjustments for Incorrect Billings

Incorrect billings resulting from clerical error, incorrect meter installation, meter inaccuracy or reading, incorrect applications of the rate schedule or other similar reasons shall be corrected immediately upon discovery and corrected bills rendered to the Customer. However, in the case additional charges are due from the Customer under the application of this paragraph, retroactive billing may not be for more than 12 months

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RULES AND REGULATIONS

PART IX – ADJUSTMENT OF CHARGES (continued)

prior to the discovery of the error unless authorized by the Public Service Commission of Maryland. The Company may seek the Commission's authorization for retroactive billing for undercharges which occurred more than 12 months but not more than 3 years. If the Customer has been overcharged, the Company shall refund the amount due by credit to the Customer's account, or in the case of an unknown date of the error, for a period of 3 years or a period equal to one half of the time since the date upon which it can be established that the error did not exist, whichever is less. In the event additional charges are due the Company, installment payments shall be offered for not less than the number of months the account was billed in error.

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RULES AND REGULATIONS

PART X – CONTINUITY OF SERVICE BY COMPANY

A. Company Liability

1. The Company does not guarantee continuous uninterrupted electric service and, except as provided herein, shall not be liable for any change in, interruption, phase loss or reversal, or resumption of service. The Company shall not be liable to Customers, their directors, officers, employees, agents, or contractors, for any loss, cost damage, expense, or any other liability (all of which shall be considered "Damages") regardless of whether such Damages are considered direct, indirect, incidental, special, consequential, exemplary or punitive Damages or to arise in contract or in tort, or any other cause of action, except as caused by the gross negligence or willful misconduct of the Company and only to the extent caused by the Company.
2. The Company shall not be liable for any delay of performance, failure to perform or failure of equipment for any cause other than the gross negligence or willful misconduct of the Company, and shall not be liable for Damages from causes beyond its reasonable control including but not limited to: Acts of God, storm, fire, flood, lightning, explosion or other catastrophes; any law, order, regulation, direction, action or request of the United States government or of any other government, including state and local governments having or claiming jurisdiction over the Company; acts or omissions of other entities, preemption of existing service in compliance with national emergencies; insurrections; wars; riots; unavailability of rights-of-way or materials, or strikes, lockouts, work stoppages or other labor difficulties.

The Company shall not be liable for any act or omission of any entity furnishing the Company or the Company's Customers goods, services, equipment or other products to be delivered through the Company's facilities or to be used in conjunction with goods, services, equipment of other products furnished by the Company. The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

B. Notice of Trouble

The Customer shall notify the Company promptly of any defect in service or of any trouble or irregularity in the electric supply or delivery service.

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RULES AND REGULATIONS

PART X - CONTINUITY OF SERVICE BY COMPANY (continued)

C. Precarranged Interruption of Service

Whenever it is necessary to interrupt service for work on lines or equipment, such work shall be done, to the extent practical, at a time that will cause the least inconvenience to the Customer. The Customer(s) to be affected shall, if practical, be notified in advance of such interruptions.

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PART XI – CUSTOMER'S USE OF SERVICE

A. Resale Forbidden

The Customer shall not directly or indirectly sell, sublet, assign or otherwise dispose of the electric energy provided by the Company except in master-metered apartment houses, office buildings or shopping centers in accordance with the Code of Maryland Regulations COMAR. Purchase of energy for use by tenants located on the Customer's property, when the cost to the tenant of such energy is included in the normal rental charge for occupancy of the premises, shall not be considered as resale.

B. Multiple Occupancy Buildings

Multiple occupancy buildings and shopping centers shall not be master metered, but shall be individually metered for each occupancy unit that is individually leased or owned, except as permitted pursuant to Maryland Law. For the purposes of this paragraph, individual meters include only meters installed and owned by the Company.

C. Fluctuations

Electric Delivery Service must not be used by the Customer in such a manner as to cause unusual fluctuations or disturbances in the Company's delivery system. Should such fluctuations or disturbances be caused by the Customer, the Company may discontinue service or require the Customer to modify its installation and/or install and maintain approved controlling devices at the Customer's expense.

D. Unbalanced Loads

Where non-residential service is rendered, the Customer shall at all times take and use energy in such a manner that the load will be taken equally between phases. Should this not be possible and the unbalancing exceed ten percent (10%) of the lesser phase, the company reserves the right to compute the demand for billing purposes on the assumption that the load on each phase is equal to that on the greatest phase.

E. Transient Voltages

Where equipment such as welders, x-rays and radio transmitters, requires other than standard construction of the Company's facilities to prevent objectionable interference with the Company's service to any of its Customers, the Customer, at his expense shall furnish, install and maintain any corrective measures necessary to obviate it, or as compensation for special construction, pays the Company the estimated installed cost of the additional main and service line facilities.

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PART XI – CUSTOMER'S USE OF SERVICE (continued)

Customers are cautioned that certain types of data processing equipment are sensitive to transient voltages which typically occur in commercial power systems in routine operation. The Company shall not be liable for transient voltage-related damage or loss.

F. Superimposition of Electric Signals on the Company's Electric System

When the Customer couples to or superimposes any signal on its electric system for equipment control, load management control, carrier current transmission, signal systems, communications, broadcasting or any other purpose, the Customer shall be responsible for preventing any such signals from being imposed upon or entering the Company's metering and electric system.

G. Power Factor

The average power factor under the operating conditions of the Customer's load at the point where the electric delivery service is metered shall not be less than ninety percent (90%) lagging.

Where lighting, welding, motors or other electrical equipment or devices having low power factor characteristics are installed, the Customer shall furnish, install and maintain, at its own expense, corrective apparatus which shall increase the average power factor of the individual units or the entire installation to not less than ninety percent (90%) lagging.

H. Uses Other than Stated in Contract

The Company's service shall not be used for any purpose or any place other than that stipulated in the Customer's contract for service except by written consent of the Company.

I. Characteristics of Service

The Company's service shall consist of sixty (60) hertz, single-phase or three-phase alternating current at one standard primary or secondary voltage. The type of service (number of phases and voltages) available varies with location and load.

Voltage delivered to Customer's facilities shall normally be maintained with the limits prescribed by the regulations of the Public Service Commission of Maryland, except under emergency conditions and/or conditions beyond the reasonable control of the Company.

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RULES AND REGULATIONS

PART XI - CUSTOMER'S USE OF SERVICE (continued)

A Customer or prospective Customer must contact the Company to ascertain the type of service the Company shall provide before making plans for receiving electric service or making alternations to existing service.

Secondary Service - Single-phase or three-phase circuits carrying a nominal voltage of 480 volts or less between any two conductors.

Primary Service - Single-phase or three-phase circuits carrying a nominal voltage of 8,320 volts or 25,000 volts between any two conductors.

J. Change of Installation

The Customer shall give immediate written notice to the Company of any proposed substantial increase or decrease in, or change of purpose or location of the Customer's installation. The service connection, transformers, meters and equipment supplied by the Company for each Customer have a definite capacity and no additions to the equipment or load connected thereto shall be permitted except by written consent of the Company. Failure to give notice of additions or changes in load or location shall render the Customer liable for any damage to the meters or their auxiliary apparatus or the transformers or wires of the Company caused by the additional or changed installation.

K. Limitation of Use

No other source of electric supply shall be introduced or permitted, directly or indirectly, for the Customer's use without written notice to the Company and written consent of the Company which shall not be unreasonably withheld. An installation for which permission has been granted must be made so that the supply of current from the Customer's generator ~~can not~~ cannot feed into the Company's distribution system, unless agreed to by contract between the Company and the Customer. In addition, such source of supply must meet all of the requirements of PJM ~~Interconnection Requirements~~.

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PART XII – DEFECTS IN CUSTOMER’S INSTALLATION

A. Company’s Right to Inspect

The Company shall have the right, but shall not be obliged to inspect any installation before electricity is introduced or at any later time, and reserves the right to reject any wiring or appliances not in accordance with the Company’s standard requirements; but such inspection, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage, resulting from defects in the installation, wiring or appliances, or from violation of Company Rules, or from accidents which may occur upon the premises of the Customer.

B. Defective Installations

If at any time the wiring, fixture or appliances of the Customer are found to be defective or dangerous by the Company’s representative or by the local public authorities, service may be refused or discontinued until the Customer has the condition corrected.

C. Customer’s Responsibility

The Company assumes no responsibility for any damages ~~done by~~ resulting from any defect in the wiring, fixtures, or appliances of the Customer. In the event any loss or damage to the property of the Company, or any accident or injury to persons or property is caused by or results from the negligence or wrongful act of the Customer, its agents, or employees, the cost of the necessary repairs or replacements shall be paid by the Customer to the Company and any liability otherwise resulting shall be assumed by the Customer.

D. Company Liability

The Company shall not be liable for any loss, cost, damage or expense resulting from the presence of electric current or the Company’s equipment on the Customer’s premises, or from the use of the service of the Company by the Customer.

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PART XIII – ACCESS TO PREMISES

A. Access to Premises

The authorized agents or representatives of the Company having the proper Company identification shall have access at all reasonable times to the premises of the Customer for the purpose of reading the Company's meters, connecting and disconnecting service, operating, testing, inspecting, repairing, maintaining, removing or replacing any or all of the Company's apparatus used in connection with the delivery of electricity. If the Company's meters or other equipment are located on the premises of someone other than the Customer, the Customer shall be responsible to arrange for access thereto by Company agents or representatives.

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PART XIV – TAMPERING WITH COMPANY'S PROPERTY

A. Tampering Expressly Forbidden

No person except a duly authorized representative of the Company shall make any connection or disconnection, either temporary or permanent between the service load of the Customer and the service wires of the Company or set, change, remove or interfere with or make any connections to the Company's meter or other property or any wiring between the Company's meter and the service wire of the Company.

B. Liability for Tampering

In the event of the Company's meters or other property being tampered or interfered with, the Customer being supplied through such equipment or other responsible party shall pay the amount which the Company may estimate is due for service used but not registered on the Company's meter and for the costs of any repairs, replacements required, investigations, inspections, costs of prosecution including legal fees, installation of any protective equipment and any other changes in the Customer's installation as may be required by the Company. The other responsible party shall be the party who either tampered with or caused the tampering with a meter or other equipment. The Customer being supplied through such equipment or the other responsible party shall also be responsible for paying all costs associated with the tampering investigation, including, but not limited to field and office work.

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RULES AND REGULATIONS

PART XV – COMPANY’S RIGHT TO DISCONTINUE SERVICE

A. Right to Discontinue Service

The Company reserves the right to discontinue the service for any of the following reasons.

1. Without Prior Notice

- a. Unavoidable shortage or interruptions in Company’s source of supply or other cases of emergency.
- b. Whenever a hazardous condition is found to exist on the Customer’s premises.
- c. Interference, ~~or tampering or other unauthorized use of~~ with meters or Company equipment or diversion of service.
- d. Whenever environmental or other hazardous conditions would expose Company employees to undue risk in the maintenance of Customer Service.
- e. Exceeding the limits of current supply specified on the Application for Service without the required notice.

2. With Prior Notice

- a. Failure to remedy conditions having detrimental effect on Company equipment or on the service of others.
- b. Non-payment of any bill for electric service which is greater than \$50 if the security deposit is less than the total owed.
- c. Non-payment of any bill for electric service which is less than \$50 and has been outstanding for 2 months or longer.
- d. Violation of or noncompliance with these Rules and Regulations or the effective Service Classification or Contract. The Company may refuse to provide any service until the Customer has corrected the conditions constituting such violation or noncompliance.
- e. Failure to pay a deposit as requested.

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PART XV – COMPANY'S RIGHT TO DISCONTINUE SERVICE (continued)

- f. Misrepresentation of or failure to disclose any material fact in an apparent attempt to defraud the Company or to avoid payment of any outstanding bill for service rendered.
- g. Refusal to grant access, during reasonable working hours, for maintenance, meter reading or removal of equipment, inspection or replacement of equipment.
- h. Failure to pay Service Installation costs.
- i. For providing a false name or social security number or for failing to disclose, upon request, that past services have been received and not paid for under a different name or social security number.
- j. Withdrawal or termination of the proper permits, certification or rights-of-way.

3. Notice

- a. The notice provided for in Part XV-A-2 shall consist of not less than fourteen (14) days' notice sent by first class prepaid mail deposited in a United States mailbox and addressed to the Customer at his last known mailing address appearing on the records of the Company. The notice shall conform with the requirements of the Code of Maryland Regulations COMAR.

B. Reconnection Charge

Service disconnected by the Company for any reason set forth in Part XV-A shall be restored only on payment of the appropriate reconnection charge stated below in addition to the previous balance due under the Customer's contract, except when it has been necessary to disconnect or remove overhead or underground service wires to effect discontinuance of service. In such cases, the actual costs of discontinuance and reconnection shall be applicable in addition to the previous balance due.

Any Customer whose service has been disconnected or limited may be required to post a deposit in order to have service reconnected.

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PART XV – COMPANY'S RIGHT TO DISCONTINUE SERVICE (continued)

<u>Time of Reconnection</u>		<u>Reconnection Charge</u>
8 a.m. to 4:00 p.m.	Mon – Fri., excluding Company Holidays	\$35.00
4:00 p.m. to 11:00 p.m.	Mon- Fri., Weekends & Company Holidays	\$45.00
11 p.m. to 8 a.m.	Any Day	No reconnections performed

Disconnection

At location other than meter \$70.00

C. Collection of Payments at the Premises

At the Company's option, the Customer may avoid service termination for non-payment of bills by making payment of the past due balance due to a Company representative at the premises.

In addition to payment of the past due balance, there shall be a fee of \$35.00 per trip to the premises for collection of payments.

Installment payments or any other agreements shall be made through an authorized Company representative.

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RULES AND REGULATIONS

PART XVI – DISCONTINUANCE OF SERVICE BY CUSTOMER

A. Notice to Discontinue

The Customer must give the Company at least five (5) days written notice to discontinue service unless otherwise agreed upon and shall be liable for service taken until the meter shall have been disconnected or read. Such notice prior to the expiration of a contract term shall not relieve the Customer from any minimum or guaranteed payment under any contract or Service Classification.

B. Completion of Term

If, by reason of any act, neglect or default of a Customer or its agent, the Company's service is suspended, or the Company is prevented from providing service in accordance with the terms of any contract it may have entered into, the minimum charge for the unexpired portion of the contract term shall become due and payable immediately as liquidated damages in lieu of the anticipated returns from the said contract.

C. Final Bill

The final bill for service shall be based on an actual meter reading, unless the Company cannot gain access to the premises, and is due and payable when rendered.

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RULES AND REGULATIONS

PART XVII – EXTENSIONS

A. General

Extensions to the Company's electric system shall be provided, owned and maintained under the terms and conditions herein enumerated.

Extensions, as used in this section, refer to overhead or underground conductors and associated materials that must be constructed along public streets, roads and highways, or on private property from the Company's existing electric system to the Applicant's lot line.

Extensions shall be installed either overhead or underground in accordance with the policies of the Public Service Commission of Maryland, and shall be designed with sufficient capacity and suitable materials which, in the Company's judgment, shall assure that the Applicant, or Customer, shall receive safe, adequate and reasonable electric service for the foreseeable future. Modifications to the Company's design, requested by the Applicant, shall be made when such modifications are acceptable to the Company in its sole judgment.

Where the Applicant requests the Company to install facilities which are more costly than those proposed to be furnished by the Company, the Applicant shall pay the Company the difference in cost between the requested installation and that deemed necessary by the Company.

1. The Company shall provide, own and maintain line extensions. The Company's investment in line extensions shall be limited to three (3) times the related estimated annual distribution service revenue, ("Estimated Revenue"), from Customers to be initially served from the line extension. Where such Estimated Revenue does not justify the estimated investment in the extension, the Applicant shall provide a deposit in accordance with Part XVII-D.
2. For the purpose of definition those Customers to be initially served shall be considered as buildings under construction at the time the contract for the extension is signed. As additional facilities are needed to serve additional Customers, the Applicant may be required to make an additional deposit or may receive a refund accordingly.

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RULES AND REGULATIONS

PART XVII – EXTENSIONS (continued)

3. When a line extension and service are both required to provide service to a non-residential Customer, the Estimated Revenue shall be compared to the total estimated investment of the line extension and service.
4. Where Customers are served from private facilities, the Company may, upon request, provide maintenance to such facilities with all costs borne by the Customer.

B. Extension Installation

1. Residential Extension

The Company shall provide, own and maintain residential line extensions. The Company shall construct the line extension from the Applicant's lot line to the existing underground or overhead line on either side of the street at no charge to the Applicant.

2. Non-Residential Extension

The Company shall own and maintain non-residential line extensions. The Applicant shall pay the estimated cost in advance to construct the line extension from the Applicant's lot line to the existing underground or overhead line.

C. Extension for Subdivisions

Underground electric distribution system means that portion of the Company's electric utility distribution plant necessary to furnish permanent underground service to all present and anticipated residential buildings and mobile homes in a subdivision. The system includes underground electric service lines as defined in Part VII.

1. For underground electric distribution systems installed in subdivisions, the Company shall construct a connection from the boundary line of the Applicant's subdivision to the Company's existing supply facilities, subject to the following provision:

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RULES AND REGULATIONS

PART XVII – EXTENSIONS (continued)

- (a) The extension from the boundary line of the subdivision, for a maximum distance of 200 feet, shall be made underground, at the Company's expense; and
 - (b) If an extension in excess of 200 feet is required, then the extension over 200 feet shall be made underground and the applicant must pay in advance the estimated installed cost.
2. When, due to the manner in which a subdivision is developed, the Company is required to construct an underground electric distribution system through a section or sections of the subdivision where service will not be connected for at least 2 years, then the Company may require the Applicant to pay a deposit for the estimated installed cost of the underground distribution system less the estimated installed cost of transformers, meters, and services.
- The deposit, without interest, shall be returned to the Applicant on a proportional basis as each new customer in the subdivision completes his permanent service connection.
- Any portion of the deposit remaining unrefunded ~~five (5) years~~ from the date the Company is first ready to render service from the extension will be retained by the Company.
3. The Applicant shall furnish in a format acceptable to and as required by the Company, at no charge to the Company, property plats, utility plans, grading plans, roadway profiles, property line stakes, grade stakes and other items showing details of proposed construction. This information is required in reasonable time to allow the Company to design and construct its facilities in a safe and efficient manner to meet service requirements and to comply with applicable laws, company standards, codes, and rules and regulations.
4. Each Applicant will cooperate with the Company, in an effort to keep the cost of construction and installation of the underground electric distribution system as low as possible. Additional costs arising from failure of the Applicant to cooperate with the Company, such as his-making changes in grade or failing to maintain grade, shall be borne by the Applicant.

If an underground installation is to be constructed within a subdivision designed to include large open areas which would result in an abnormal increase in the investment per customer required to construct the underground distribution

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RULES AND REGULATIONS

PART XVII – EXTENSIONS (continued)

system, then the Company may refer the matter to the Public Service Commission of Maryland for a ruling as to whether a charge should be assessed against the Applicant, and the amount of the charge, if any.

D. Deposits

Deposits required for extensions shall be the amount equal to the estimated installed cost of the extension. Such deposit shall not exceed the equivalent of \$1.00 per foot of the line extension that is not on the Applicant's property.

Should the Applicant provide a Letter of Credit or other Financial Instrument, the estimated Unamortized Depreciation attributable to the extension shall be examined prior to the Letters' or other Instruments' expiration. The Company shall draw on the Letter of Credit or Instrument where a continued financial guarantee is still required. Such draw shall then be considered a deposit under the above section.

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SERVICE CLASSIFICATION "R"

PART XVIII - RESIDENTIAL SERVICE

A. Availability

This rate applies throughout the territory served by the Company and is available to any Customer desiring service for a one-family residence or one-family apartment.

B. Contract Term

Residential contracts are on a monthly basis until terminated.

C. Monthly Rate

-----The monthly charges and rates under this Service Classification are shown on
Tariff Leaf Sheet -----No. 467.

D. Public Service Company Franchise Tax

In addition to the charges provided for in this Service Classification, the Public Service Company Franchise Tax shall apply to all sales rendered hereunder before the application of the Maryland Sales Tax, unless the Customer is exempt from such tax.

E. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern the provision of service under this Service Classification.

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MONTHLY CHARGES AND RATES

SERVICE CLASSIFICATION - RESIDENTIAL - "R"

Distribution Charges:

SUMMER			WINTER		
Billing Months			Billing Months		
June Through September			October Through May		
		<u>Bills Rendered</u> <u>between</u> <u>7/1/2017 and before</u> <u>1/1/2018</u>	<u>Bills</u> <u>Rendered</u> <u>on and</u> <u>after</u> <u>1/1/2018</u>	<u>Bills</u> <u>Rendered</u> <u>between</u> <u>7/1/2017 and before</u> <u>1/1/2018</u>	<u>Bills</u> <u>Rendered</u> <u>on and</u> <u>after</u> <u>1/1/2018</u>
Customer Charge	\$5.00 \$5.50/Month	\$5.50/Month	\$6.00/Month	\$5.00 \$5.50/Month	\$6.00/Month
Distribution Rate:					
First 1,000 kWh Rate	\$0.0400/kWh	\$0.0450/kWh	\$0.0500/kWh	\$0.0400 \$0.0450/kWh	\$0.0500/kWh
Excess kWh Rate	\$0.0400/kWh	\$0.0450/kWh	\$0.0500/kWh	\$0.0400 \$0.0300/kWh	\$0.0350/kWh
Universal Service Program Rate	Refer to the 'USP' Rider	Refer to the 'USP' Rider	Refer to the 'USP' Rider	Refer to the 'USP' Rider	Refer to the 'USP' Rider
Franchise Tax	\$0.000620/kWh	\$0.000620/kWh	\$0.000620/kWh	\$0.000620/kWh	\$0.000620/kWh
Environmental Surcharge	\$0.000150 \$0.000150/kWh	\$0.000150/kWh	\$0.000150/kWh	\$0.000150/kWh	\$0.000150/kWh
RGGI Rate Credit	Refer to the 'RGGI Rate Credit' Rider	Refer to the 'RGGI Rate Credit' Rider	Refer to the 'RGGI Rate Credit' Rider	Refer to the 'RGGI Rate Credit' Rider	Refer to the 'RGGI Rate Credit' Rider

Energy Charge:

Issued: November 7, 2008	July 1, 2017	Signed: Hugh E. Grunden
Effective November 7, 2008	July 1, 2017	Title: President & CEO

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Energy Rate, all kWh

Refer to the "ER" Rider

Issued: April 30, 2009

Signed: Hugh E. Grunden

Effective: June 1, 2009

Title: President & CEO

Issued: November 7, 2008 July 1, 2017

Signed: Hugh E. Grunden

Effective: November 7, 2008 July 1, 2017

Title: President & CEO

SERVICE CLASSIFICATION "GS-S"

GENERAL SERVICE - SMALL

A. Availability

This rate is available to any Customer having an average monthly maximum measured demand of 250 kW or less ~~for~~ in the preceding calendar year and desiring service at secondary voltage as defined in Part XI-I of the Rules and Regulations. Any customer served under this Service Classification shall remain on this Classification for at least twelve (12) billing months, even though such customer's maximum measured demand in succeeding month's may be 250 kW or more. After such 12 billing months, at the Customer's option, the Customer may be transferred to Service Classification "GS-L" provided the Customer has had an average maximum measured demand of more than 250 kW for the preceding calendar year. This rate is available to all temporary services.

B. Contract Term

Contracts, when required, are for an initial period of one (1) year with automatic month-to-month extensions until terminated. A contract for an initial period of more than (1) year may be required if special investment by the Company is necessary. Temporary services are month-to-month extensions until terminated.

C. Monthly Rate

The Monthly Charges and Rates under this Service Classification are shown on Tariff Sheet 4951.

D. Measured Demand

1. The measured demand shall be the greatest demand established by the Customer during any thirty (30) minute period of the month as measured by a demand meter, taken to the nearest whole kilowatt.
2. For demands of less than fifteen kilowatts (15 kW), the demand of a Customer may be determined, at the option of the Company, by measurement, by assessment after test, or by estimation.

E. Billing Demand

The highest kilowatt demand determined either by a thirty (30) minute integrated demand meter or a thirty (30) minute lagged thermal demand meter, occurring during the month, taken to the nearest whole kilowatt, shall be the billing demand for that month, except that the billing demand shall not be less than 75% of the highest billing demand determined during the preceding eleven (11) months.

Issued: November 7, 2008	July 1, 2017	Signed: Hugh E. Grunden
Effective November 7, 2008	July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "GS-S"

GENERAL SERVICE - SMALL (continued)

F. Minimum Charge

The minimum monthly charge shall be the Customer Charge.

G. Public Service Company Franchise Tax

In addition to the charges provided for this Service Classification, The Public Service Company Franchise Tax shall apply to all sales rendered hereunder before the application of the Maryland Sales Tax. Unless the Customer is exempt from such tax.

H. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern the provision of service under this Service Classification.

I. Metering

The Company shall normally furnish, install, maintain and own one (1) set of metering equipment for measurement under this Service Classification.

J. Power Factor

The customer agrees to maintain unity power factor as nearly as practicable. The Company reserves the right to measure the power factor. Should such measurements indicate that the average power factor is less than ninety (90) percent, demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety (90) percent and divided by the percent power factor.

K. Primary Metering Discount

A discount of 3 percent of the energy (kWh) charge will be allowed when the service is metered at primary voltage and the Customer owns, installs, and maintains all transforming, switching and protective equipment.

Demand (kW) shall be discounted.

Issued: November 7, 2008 July 1, 2017	Signed: Hugh E. Grunden
Effective November 7, 2008 July 1, 2017	Title: President & CEO

MONTHLY CHARGES AND RATES

SERVICE CLASSIFICATION - GENERAL SERVICE-- SMALL - "GS-S"

Distribution Charges:

		<u>Bills Rendered between 7/1/2017 and before 1/1/2018</u>	<u>Bills Rendered on and after 1/1/2018</u>
Customer Charge	\$9.65/Month	\$10.91/Month	\$12.17/Month
Distribution Rate:			
First 10,000 kWh Rate	\$0.0430/kWh	\$0.0478/kWh	\$0.05256/kWh
Excess kWh Rate	\$0.0260/kWh	\$0.0308/kWh	\$0.03556/kWh
Demand Rate First 15 kW	No Charge	No Charge	No Charge
Demand Rate Greater Than 15 kW	\$4.000/kW	\$4.52/kW	\$5.04/kW
Universal Service Program Rate	Refer to the "USP" Rider	Refer to the "USP" Rider	Refer to the "USP" Rider
Franchise Tax	\$0.000620/kWh	\$0.000620/kWh	\$0.000620/kWh
Environmental Surcharge	\$0.000150/kWh	\$0.000150/kWh	\$0.000150/kWh

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Energy Charges:

Energy Rate, all kWh Refer to the "ER" Rider

Issued: November 7, 2008 July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008 July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "GS-L"

GENERAL SERVICE - LARGE

A. Availability

The rate is available to any Customer having an average ~~month~~ maximum measured demand of greater than 250 kW in the preceding calendar year and desiring service at secondary voltage as defined in Part XI-I of the Rules and Regulations. Any Customer served under this Service Classification shall remain on this Classification for at least twelve (12) billing months, even though such Customer's maximum measured demand in succeeding months may be 250 kW or less. Any Customer taking service under this Service Classification whose average measured demand in the preceding calendar year is 250 kW or less will be automatically transferred to Service Classification "GS-S" effective with the next succeeding billing month.

B. Contract Term

Contracts, when required, are for an initial period of one (1) year with automatic month-to-month extensions until terminated. A contract for an initial period of more than (1) year may be required if special investment by the Company is necessary or demands greater than one thousand kilowatts (1,000 kW).

C. Monthly Rate

The Monthly Charges and Rates under this Service Classification are shown on Tariff Sheet 523.

D. Measured Demand

1. The measured demand shall be the greatest demand established by the Customer during any thirty (30) minute period of the month as measured by a demand meter, taken to the nearest whole kilowatt.
2. For demands of less than fifteen kilowatts (15 kW), the demand of a Customer may be determined, at the option of the Company, by measurement, by assessment after test, or by estimation.

E. Billing Demand

The highest kilowatt demand determined either by a thirty (30) minute integrated demand meter or a thirty (30) minute lagged thermal demand meter, occurring during the month, taken to the nearest whole kilowatt, shall be the billing demand for that month, except that the billing demand shall not be less than 75% of the highest billing demand determined during the preceding eleven (11) months.

Issued: November 7, 2008	July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008	July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "GS-L"

GENERAL SERVICE - LARGE (continued)

F. Minimum Charge

The minimum monthly charge shall be the Customer Charge.

G. Public Service Company Franchise Tax

In addition to the charges provided for this Service Classification, the Public Service Company Franchise Tax shall apply to all sales rendered hereunder before the application of the Maryland Sales Tax. Unless the Customer is exempt from such tax.

H. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern the provision of service under this Service Classification.

I. Metering

The Company shall normally furnish, install, maintain and own one (1) set of metering equipment for measurement under this Service Classification.

J. Power Factor

The Customer agrees to maintain unity power factor as nearly as practicable. The Company reserves the right to measure the power factor. Should such measurements indicate that the average power factor is less than ninety (90) percent, demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety (90) percent and divided by the percent power factor.

HK. Primary Metering Discount

A discount of ~~3~~ 3 percent of the energy (kWh) charge will be allowed when the service is metered at primary voltage and the Customer owns, installs, and maintains all transforming, switching and protective equipment.

Demand (kW) shall be discounted.

Issued: November 7, 2008 July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008 July 1, 2017	Title: President & CEO

MONTHLY CHARGES AND RATES

SERVICE CLASSIFICATION - GENERAL SERVICE - LARGE - "GS-L"

Distribution Charges:

		<u>Bills Rendered between 7/1/2017 and before 1/1/2018</u>	<u>Bills Rendered on and after 1/1/2018</u>
Customer Charge	\$25.00/Month	\$28.25/Month	\$31.50/Month
Distribution Rate:			
First 10,000 kWh Rate	\$0.03574/kWh	\$0.0470/kWh	\$0.05835/kWh
Excess kWh Rate	\$0.02494/kWh	\$0.0232/kWh	\$0.02538/kWh
Demand Rate First 15 kW	No Charge	No Charge	No Charge
Demand Rate Greater Than 15 kW	\$3.75/kW	\$4.22/kW	\$4.69/kW
Universal Service Program Rate	Refer to the "USP" Rider	Refer to the "USP" Rider	Refer to the "USP" Rider
Franchise Tax	\$0.000620/kWh	\$0.000620/kWh	\$0.000620/kWh
Environmental Surcharge	\$0.000150/kWh	\$0.000150/kWh	\$0.000150/kWh

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Energy Charges:

Energy Rate, all kWh Refer to the "ER" Rider

Issued: November 7, 2008/July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008/July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "GS-P"

GENERAL SERVICE - PRIMARY

A. Availability

Available for three-phase service at standard Company voltage at or below 25,000 volts. The standard voltage available depends upon the location, character and size of Customer's load.

B. Contract Term

Contracts, when required, are for an initial period of one (1) year with automatic month-to-month extensions until terminated. A contract for an initial period of more than one (1) year may be required if special investment by Easton Utilities is necessary or demands greater than one thousand kilowatts (1,000 kW).

C. Monthly Rate

The Monthly Charges and Rates under this Service Classification are shown on Tariff Sheet 556.

D. Measured Demand

The measured demand shall be the greatest demand established by the Customer during any thirty (30) minute period of the month as measured by a demand meter, taken to the nearest whole kilowatt.

E. Billing Demand

The highest kilowatt demand determined either by a thirty (30) minute integrated demand meter or a thirty (30) minute lagged thermal demand meter, occurring during the month, taken to the nearest whole kilowatt, shall be the billing demand for that month, except that the billing demand shall not be less than 75% of the highest billing demand determined during the preceding eleven (11) months.

F. Minimum Charge

The minimum monthly charge shall be the Customer Charge.

G. Public Service Company Franchise Tax

In addition to the charges provided for this Service Classification, The Public Service Company Franchise Tax shall apply to all sales rendered hereunder before the

Issued: November 7, 2008 July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008 July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "GS-P"

GENERAL SERVICE – PRIMARY(continued)

application of the Maryland Sales Tax. Unless the Customer is exempt from such tax.

H. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern the provision of service under this Service Classification.

I. Metering

The Company shall normally furnish, install, maintain and own one (1) set of metering equipment for measurement under this Service Classification.

J. Power Factor

The customer agrees to maintain unity power factor as nearly as practicable. The Company reserves the right to measure the power factor. Should such measurements indicate that the average power factor is less than 90 percent, demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 90 percent and divided by the percent power factor.

Issued: November 7, 2008/July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008/July 1, 2017	Title: President & CEO

MONTHLY CHARGES AND RATES

SERVICE CLASSIFICATION - GENERAL SERVICE-PRIMARY SERVICE "GS-P"

Distribution Charges:

		<u>Bills Rendered between 7/1/2017 and before 1/1/2018</u>	<u>Bills Rendered on and after 1/1/2018</u>
Customer Charge	\$75.00/Month	\$84.67/Month	\$94.33/Month
Distribution Rate:			
First 10,000 kWh Rate	\$0.030/kWh	\$0.0376/kWh	\$0.04518/kWh
Excess kWh Rate	\$0.0190/kWh	\$0.0214/kWh	\$0.02374/kWh
Demand Rate First 15 kW	No Charge	No Charge	No Charge
Demand Rate Greater Than 15 kW	\$3.504/kW	\$3.95/kW	\$4.40/kW
Universal Service Program Rate	Refer to the "USP" Rider	Refer to the "USP" Rider	Refer to the "USP" Rider
Franchise Tax	\$0.000620/kWh	\$0.000620/kWh	\$0.000620/kWh
Environmental Surcharge	\$0.000150/kWh	\$0.000150/kWh	\$0.000150/kWh

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Energy Charges:

Energy Rate, all kWh Refer to the "ER" Rider

Issued: November 7, 2008 July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008 July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "SL"

STREET AND HIGHWAY LIGHTING SERVICE

A. Availability

Available only for the lighting of public streets, public alleys, public highways and other public outdoor areas located within the service territory, where service is supplied from the existing distribution system and where the Company owns and maintains all equipment. Service will be supplied from dusk to dawn each night.

Existing fixtures will not be replaced at the end of their useful life if replacements cannot be secured through normal supply channels. The Company will be the sole judge as to the end of the useful life.

B. Monthly Rate

The Monthly Charges and Rates under this Service Classification are shown on Tariff Sheet 57&.

For the purpose of this schedule, the monthly kilowatt hour consumption will be determined by multiplying the kilowatt rating of the fixture by 350 hours.

C. General

The Company will supply service for underground installations, provided the Customer agrees to excavate, fill and resurface streets or replace curbing necessary for the installation and maintenance of the underground cable.

When metal poles are used for street lighting the Customer will supply all labor and material for the installation of the concrete base according to the Company's specifications. No work shall be done on Customer's equipment or connected to the Company's distribution system without the Company's approval.

Issued: November 7, 2008	July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008	July 1, 2017	Title: President & CEO

MONTHLY CHARGES AND RATES

SERVICE CLASSIFICATION - STREET AND HIGHWAY LIGHTING LIGHTING-"SL"

Distribution Charges:

		<u>Bills Rendered between 7/1/2017 and before 1/1/2018</u>	<u>Bills Rendered on and after 1/1/2018</u>
Customer Charge	\$0.00/Month	\$0.00/Month	\$0.00/Month
Distribution Rate:			
All kWh	\$0.0322/kWh	\$0.0391/kWh	\$0.0459/kWh
Universal Service Program	Refer to the "USP"	Refer to the "USP"	Refer to the "USP"
Rate	Rider	Rider	Rider
Franchise Tax	\$0.000620/kWh	\$0.000620/kWh	\$0.000620/kWh
Environmental Surcharge	\$0.000150/kWh	\$0.000150/kWh	\$0.000150/kWh

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Energy Charges:

Energy Rate, all kWh Refer to the "ER" Rider

Issued: November 7, 2008/July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008/July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "BSWEGS"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE

A. Availability

This Service Classification is available to any eligible customer-generator, that owns and operates a biomass, solar electric generating facility or wind electric generating facility that:

- 1) has a capacity of not more than 50 kW, except as provided in number 5 below;
- 2) is located on the Customer's premises;
- 3) is interconnected and operated in parallel with the Company's transmission and distribution facilities; and
- 4) is intended primarily to offset all or part of the Customer's own electricity requirements;
- 5) an eligible Customer-generator may petition the Maryland Public Service Commission to apply this Tariff to an electric generation system with a capacity not exceeding 500 kW if the Commission finds that the project meets public safety and reliability requirements and is in the public interest.

The watt-hour energy meter measures the net energy consumed or the net energy delivered by the Customer for the total billing period. Any Customer who elects this Tariff must submit a completed interconnection application with the Company, in writing, at least 30 days prior to activating the biomass, solar or wind electrical generating facility. The biomass, solar or wind electrical generating facility shall not be connected to the Company's system unless it conforms to the National Electrical Code, the Institute of Electrical and Electronic Engineers, Underwriters Laboratories and the applicable codes of the local public authorities. The Customer must obtain, at their expense, all necessary inspections and approvals required by the local public authorities before the biomass, solar or wind electrical generating facility is connected to the Company's electric system. The biomass, solar or wind electrical generating facility shall have adequate protection as described in Part F below.

This Tariff is available to the extent that biomass, solar and wind electrical generating power in the State of Maryland does not exceed a capacity of 1,500 MW.

B. Delivery Voltage

The delivery voltage of the biomass, solar or wind electrical generating facility shall be at the same voltage level and at the same delivery point as if the Customer were purchasing all of their electricity from the Company.

Issued: November 7, 2008/July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008/July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "BSWEGS"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE (continued)

~~C. Contract Term~~

~~The contract term shall be same as that under the Customer's applicable Service Classification. A completed Interconnection Application, completed by the Customer and accepted by the Company is required for service provided under this Tariff.~~

~~D. Monthly Rates, Rate Components and Billing Unit Provisions~~

~~The monthly rates, rate components and billing unit provisions shall be those as stated under the Customer's applicable Service Classification. Under this Tariff, only the per kilowatt-hour charge components of the Customer's bill are affected. All other billing components and charges such as Customer Charge, Demand Charge and Power Factor amount are not affected by the Service Classification; monthly charges shall be based on one of the following conditions:~~

- ~~1. When the monthly energy meter reading registers that the Customer has consumed more energy than the Customer delivered to the Company's delivery system by the end of the monthly billing period, the Customer shall be charged for the electricity consumed based on the rates and charges under the Customer's applicable Service Classification.~~
- ~~2. When the Customer has delivered more energy to the Company's delivery system than the Customer has consumed by the end of the monthly billing period, the Company shall take ownership of such net excess energy, and the Customer shall be charged the greater of:
 - ~~a. The Customer Charge, and any applicable non-energy charges such as: Demand Charge, Power Factor Charge and Universal Service Charge under the Customer's applicable Service Classifications, or~~
 - ~~b. The monthly minimum Charge under the Customer's applicable Service Classification.~~~~
- ~~3. The Company will carry forward a negative kilowatt-hour reading until the Customer-generator's consumption of electricity from the Company eliminates the credit, or the 12-month generation credit accrual period expires.~~

Issued: November 7, 2008/July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008/July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "BSWEGS"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE (continued)

E. Metering

The Company shall furnish, install, maintain and own all the metering equipment needed for the measurement of the service supplied. Under this Tariff, the Company shall provide, at no direct charge, a watt-hour energy meter with the capability of reverse registration in order to measure the net watt-hours consumed by the Customer or the net watt-hours delivered by the Customer to the Company for the total billing period. The Company's metering investment shall be limited to that required to serve the Customer under the Customer's applicable Service Classification without the biomass, solar or wind electrical generating facility. Where a larger capacity meter is required to serve the Customer that has a biomass, solar or wind electrical generating facility, or a larger capacity meter is requested by the Customer, the Customer shall pay the Company the difference between the large capacity meter investment and the metering investment normally provided under the Customer's Service Classification.

F. Interconnection with the Company's System

Interconnection with the Company's system required the installation of protective equipment which, provide safety for personnel; affords adequate protection against damage to the Company's system or to its customer's property; and prevents any interference with the Company's supply of service to other Customers. The Company shall not be liable for any loss, cost, damage or expense to any party resulting from the use or presence of electric generating facility, except as the Company would otherwise be liable under the Company's Maryland electric tariff. Such protective equipment shall be installed, owned and maintained by the Customer at their expense. In addition, it may be necessary for the Company to extend or modify portions of its systems to accommodate the delivery of electricity from the biomass, solar electric or wind electrical generating facility. Should such extension or modification be necessary, all work shall be performed by the Company at the Customer's expense. For new services, such expense shall be determined by the difference between total costs and the investment the Company would make to install a normal service without the Customer's biomass, solar electric or wind electrical generating facility.

The biomass, solar electric or wind electrical generating facility shall conform to the National Electrical Code and the applicable codes of the local public authorities. Special attention should be given to the National Electrical Code Sections 690 and 705.

Issued: November 7, 2008 July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008 July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "BSWEGS"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE (continued)

G. Cessation of Parallel Operation

The Customer's equipment must be installed and configured so that parallel operation must cease immediately and automatically during system outages or loss of the Company's primary source. The Customer must also cease parallel operation upon notification by the Company of a system emergency, abnormal condition, or in cases where such operation is determined to be unsafe, interferes with the supply of service to other Customers, or interferes with the Company's system maintenance or operation. The Company accepts no responsibility whatsoever for damage or injury to any person or property caused by failure of the Customer to operate in compliance with Company's requirements.

H. Failure to Comply

If the Customer fails to comply with any of the requirements set forth in Part F and G above, the Company will disconnect the Customer's service from the Company's electric system until the requirements are met, or the biomass, solar or wind electric generation facility is disconnected from the Customer's electric system.

I. Rules and Regulations

Except as herein modified, the Rules and Regulations set forth in this Tariff shall govern the provision of service under this Tariff and under the Customer's applicable Service Classification.

Issued: November 7, 2008/July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008/July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "BSWEGS"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE

A. Availability

This Service Classification is available to any eligible Customer that owns and operates, or leases and operates a customer-generator that:

- 1) uses as its primary source of fuel: biomass, micro combined heat and power (MCHP), solar, qualifying closed conduit hydroelectric, fuel cell or wind consistent with Public Utilities Article §7-306, Annotated Code of Maryland (COMAR);
- 2) has a capacity of not more than 2 MW except for a MCHP customer-generator which must have a capacity of not more than 30 kW;
- 3) is located on the Customer's premises or contiguous property;
- 4) is interconnected and operated in parallel with an electric company's transmission and/or distribution facilities; and
- 5) is intended primarily to offset all or part of the Customer's own electricity requirements.

Consistent with COMAR 20.50.10.01 D.(1)(6), a Customer's proposed customer-generator system may not exceed two-hundred (200) percent of the Customer's Baseline Annual Usage. The Customer's Baseline Annual Usage is the total of the Customer's previous twelve months of electricity use in kilowatt-hours at the time of the installation or upgrade of the Customer's generating system. If the Customer does not have twelve months of electric energy use in kilowatt-hours at the time of the installation of the Customer's generating system, then the Baseline Annual Usage may be estimated based on a mutually agreeable methodology subject to approval by the Maryland Public Service Commission.

This Service Classification is available on a first-come, first-served basis as long as the total rated electric generating capacity of eligible customer-generators in the State of Maryland does not exceed 1,500 MW.

B. Connection to the Company's System

If the eligible customer-generator is designed to produce over 100% of the Customer's Baseline Annual Usage as described in Section A. Availability above and has a capacity of more than 1 MW, the Customer, at their expense, must enter the generator queue to be studied by PJM, the regional wholesale electric operator (www.pjm.com), and receive written approval before interconnecting with the Company's electrical distribution or transmission system.

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Issued: November 7, 2008/July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008/July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "BSWEGS"BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE (continued)

Any Customer who elects this Service Classification must submit a completed Interconnection/Participation Application with the Company, in writing, at least thirty (30) days prior to activating the eligible customer-generator. If the customer-generator applies to the Company's electric system, the Customer shall submit only the participation application. The eligible customer-generator shall not be connected to the Company's system unless it conforms to the National Electrical Code, the Institute of Electrical and Electronic Engineers, Underwriters Laboratories and all applicable codes of the local public authorities. The Customer must obtain, at their expense, all necessary inspections and approvals required by the local public authorities before the eligible customer-generator is connected to the Company's electric system. The eligible customer-generator shall have adequate protection as described in Section H below.

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C. Delivery Voltage

The delivery voltage of the eligible customer-generator shall be at the same voltage level and at the same delivery point as if the Customer were purchasing all of their electricity from the Company.

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D. Contract Term

The contract term shall be same as that under the Customer's applicable Service Classification. A completed Interconnection Application, completed by the Customer and accepted/approved in writing by the utility, is required for service provided under this Service Classification.

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E. Monthly Rates, Rate Components and Billing Unit Provisions

The monthly rates, rate components and billing unit provisions shall be those as stated under the Customer's applicable Service Classification. Under this Service Classification, only the per kilowatt-hour charge components of the Customer's bill are affected. All other billing components and rates and charges, such as Customer Charge, Demand Charge and Power Factor amount, are not affected by this Service Classification.

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The monthly charges shall be based on one the following conditions:

1. When the monthly energy meter reading registers that the Customer has consumed more energy than the Customer delivered to the Company's delivery system by the end of the monthly billing period, the Customer shall be charged for the electricity consumed based on the rates and charges under the Customer's applicable Service Classification.

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Issued: November 7, 2008/July 1, 2017	Signed: Hugh E. Grunden
Effective: February 1, 2014/July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "BSWEGs"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE (continued)

2. When the Customer has delivered more energy to the Company's delivery system than the Customer has consumed by the end of the monthly billing period ("Excess Generation"), the Company shall take ownership of such Excess Generation and the Customer shall be charged the greater of:

a. The Customer Charge, and any applicable ~~applicable~~ charges such as: Demand Charge, Power Factor Charge and Universal Service Charge under the Customer's applicable Service Classification, or

b. The monthly Minimum Charge under the Customer's applicable Service Classification.

3. The Company will carry forward negative kilowatt-hours until the Customer's consumption of electricity from the grid ~~eliminates~~ eliminates the Excess Generation or until the end of the billing cycle that is completed immediately prior to the end of April of each year. The dollar value of Excess Generation shall be equal to the average Energy Charge that the Customer would have been charged averaged over the previous twelve-month period ending with the billing cycle that is complete immediately prior to the end of April multiplied by the number of kilowatt-hours of Excess Generation.

4. On or before ~~thirty (30)~~ days after the billing cycle that is complete immediately prior to the end of April of each year, the Company shall pay each Customer for the dollar value of any accrued net Excess Generation remaining at the end of the previous twelve-month period ending with the billing cycle that is complete immediately prior to the end of April of that year.

5. Within ~~thirty (30)~~ days after the date the Customer closes the Customer's account, the Company shall pay the Customer for the dollar value of any accrued Excess Generation remaining at the time the Customer closes the account.

F. Renewable Energy Credits

The Renewable Energy Credits generated by the customer-generator are owned entirely by the Customer or the eligible Customer's assignee. However, if the Customer chooses to sell solar Renewable Energy Credits, the Customer must first offer them for sale to an electric company or an electricity supplier that shall apply them toward compliance with the Maryland Renewable Energy Portfolio Standard.

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Issued: November 7, 2008/July 1, 2017

Signed: Hugh E. Grunden

Effective: February 1, 2014/July 1, 2017

Title: President & CEO

SERVICE CLASSIFICATION "BSWEGS"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE (continued)

G. Metering

The Company shall furnish, install, maintain and own all the metering equipment needed for measurement of the service supplied. Under this Service Classification, the Company shall provide, at no direct charge, a watt-hour energy meter with the capability of reverse registration in order to measure the net watt-hours consumed by the Customer or the net watt-hours delivered by the Customer to the Company for the total billing period. The Company's metering investment shall be limited to that required to serve the Customer under the Customer's applicable Service Classification without the eligible customer-generator. Where a larger capacity meter is required to serve the Customer that has an eligible customer-generator, or a larger capacity meter is requested by the Customer, the Customer shall pay the Company the difference between the larger capacity meter investment and the metering investment normally provided under the Customer's Service Classification.

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H. Interconnection with the Company's System

Interconnection with the Company's system requires the installation of protective equipment which: provides safety for personnel; affords adequate protection against damage to the Company's system or to its customer's property; and prevents any interference with the Company's supply of service to other Customers. The Company shall not be liable for any loss, cost, damage or expense to any party resulting from the use or presence of electric current or potential which originates from the Customer's eligible customer-generator, except as the Company would otherwise be liable under the Company's Maryland electric tariff. Such protective equipment shall be installed, owned and maintained by the Customer at their expense. In addition, it may be necessary for the Company to extend or modify portions of its systems to accommodate the delivery of electricity from the eligible customer-generator. Should such extension or modification be necessary, all work shall be performed by the Company at the Customer's expense. For new services, such expense shall be determined by the difference between total costs and the investment the Company would make to install a normal service without the Customer's eligible customer-generator.

The eligible customer-generator shall conform to the National Electrical Code and all applicable codes of the local public authorities. Special attention should be given to the National Electrical Code Sections 690 and 705.

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Issued: November 7, 2008/July 1, 2017	Signed: Hugh E. Grunden
Effective: February 1, 2014/July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "BSWEGS"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE (continued)

I. Cessation of Parallel Operation

The Customer's equipment must be installed and configured so that parallel operation must cease immediately and automatically during system outages or loss of the Company's primary source. The Customer must also cease parallel operation upon notification by the Company of a system emergency, abnormal condition, or in cases where such operation is determined to be unsafe, interferes with the supply of service to other Customers, or interferes with the Company's system maintenance or operation. The Company accepts no responsibility whatsoever for damage or injury to any person or property caused by failure of the Customer to operate in compliance with Company's requirements.

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J. Failure to Comply

If the Customer fails to comply with any of the requirements set forth in sections H and I above, the Company will disconnect the Customer's service from the Company's electric system until the requirements are met, or the eligible customer-generator is disconnected from the Customer's electric system.

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K. Rules and Regulations

Except as herein modified, the Rules and Regulations set forth in this Tariff shall govern the provision of service under this Service Classification and under the Customer's applicable Service Classification.

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Issued: November 7, 2008/July 1, 2017	Signed: Hugh E. Grunden
Effective: February 1, 2014/July 1, 2017	Title: President & CEO

RIDER - "USP"

PART XXIX - ELECTRIC UNIVERSAL SERVICE PROGRAM RECOVERY RIDER

- A. This rider is applicable to Service Classifications "R", "GS-S", "GS-L" and "GS-P".
The surcharge is as follows:

Service ClassificationSurcharge

"R"

\$0.36 per Month per Residential Customer

"GS-S", "GS-L", "GS-P", "SL"

The monthly USP charge per customer is stated below* and is determined based on the Customer's Electric annual billing amount during the previous calendar year, updated in the first quarter of each new year, and in accordance with the Commission's order.

*Monthly Universal Service Program Charge for General Service Customers

Tier 1	Customer's Electric Annual Billing Amount During the previous Calendar Year.	Monthly Universal Service Program Charge
1	UNDER \$250	\$0.36
2	\$250 - \$4,999	\$2.66
3	\$5,000 - \$9,999	\$8.85
4	\$10,000 - \$24,999	\$17.71
5	\$25,000 - \$49,999	\$35.41
6	\$50,000 - \$99,999	\$53.12
7	\$100,000 - \$199,999	\$70.83
8	\$200,000 - \$299,999	\$132.80
9	\$300,000 - \$399,999	\$177.07
10	\$400,000 - \$499,999	\$265.59
11	\$500,000 - \$699,999	\$398.40
12	\$700,000 - \$899,999	\$531.20
13	\$900,000 - \$999,999	\$796.79
14	\$1,000,000 - \$1,999,999	\$1,062.38
15	\$2,000,000 - \$2,999,999	\$1,416.51
16	\$3,000,000 - \$3,999,999	\$1,770.65
17	\$4,000,000 - \$4,999,999	\$2,124.78
18	\$5,000,000 - \$5,999,999	\$2,478.91
19	\$6,000,000 - \$6,999,999	\$2,833.03
20	\$7,000,000 - \$7,999,999	\$3,098.63
21	\$8,000,000 - \$8,999,999	\$3,364.23
22	\$9,000,000 - \$9,999,999	\$3,541.29
23	\$10,000,000 - \$12,500,000	\$3,718.36
24	OVER - \$12,500,000	\$3,983.95

Issued: November 7, 2008/July 1, 2017

Signed: Hugh E. Grunden

Effective: February 1, 2014/July 1, 2017

Title: President & CEO

RIDER - "ER"

ENERGY RATE RIDER

A. Applicability

This rider is applicable to all Service Classifications.

B. Monthly Rate

The monthly billing rate shall be computed as an amount equal to the cost of energy for the three months preceding the billing month, divided by all kilowatt hours sold during the same period. The cost of energy shall include all costs of purchasing and generating energy, reduced by the amount of revenues received from generation energy sales.

C. Actual Cost Adjustment

Any difference between the sum of the monthly rate revenues collected in a billing month and the actual cost of power in the same month is accumulated for the twelve (12) months ending November 30. The balance so determined shall be applied as a credit or debit to the monthly rate beginning with the succeeding January.

The Actual Cost Adjustment per kilowatt hour is determined by dividing the twelve (12) month balance by the estimated sales for the twelve (12) months over which the adjustment will apply.

Issued: November 7, 2008 July 1, 2017	Signed: Hugh E. Grunden
Effective: November 7, 2008 July 1, 2017	Title: President & CEO

RIDER – "RGGI Rate Credit"

Regional Greenhouse Gas Initiative Credit

A. Applicability

This rider is applicable to Residential - "R" Service Classification

B. Rate

The State of Maryland has joined a multi-state Regional Greenhouse Gas Initiative to reduce greenhouse gases produced as a result of electric power generation. As part of the program, money has been collected in the Maryland Strategic Energy Fund and a portion of those proceeds will be used to offset electricity rates of residential customers including an offset of surcharges imposed on ratepayers.

~~Effective with bills rendered in June 2009. If issued to the Company, Customers will~~
receive a credit as calculated and approved by the Maryland Public Service Commission.

Issued: April 30, 2009 July 1, 2017	Signed: Hugh E. Grunden
Effective: June 1, 2009 July 1, 2017	Title: President & CEO

EXHIBIT 4
(Replacement)



ELECTRIC SERVICE TARIFF

TERMS, CONDITIONS AND RATE SCHEDULES

(This Electric Service Tariff Supersedes P.S.C. Md. No. 8 together with all supplements)

Latest Revision:
July 1, 2017

Easton Utilities
201 N. Washington Street
Easton, MD 21601
(410) 822-6110

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

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Effective: July 1, 2017	Title: President & CEO

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Effective: July 1, 2017	Title: President & CEO

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Signed: Hugh E. Grunden

Effective: July 1, 2017

Title: President & CEO

RULES AND REGULATIONS

PART I – GENERAL

A. Definition of Terms

The words listed below shall have the following meanings when used in this tariff:

Account – An account is one metered or unmetered rate or service classification which normally has one electric delivery point of service. Each account shall have only one electricity supplier providing full electric supply requirements for that account. A premises may have more than one account.

Ancillary Services – Services that are necessary for the transmission and distribution of electricity from supply sources to loads and for maintaining reliable operation of the transmission and distribution system.

Applicant – Any person, corporation or other entity that: (i) desires to receive from the Company electric or any other service provided for in this Tariff, (ii) complies completely with all Company requirements for obtaining electric or any other service provided for in this Tariff, (iii) has filed and is awaiting Company approval of its application for service, or (iv) is not yet actually receiving from the Company any service provided for in this Tariff. An Applicant shall become a Customer for purposes of this Tariff only after the Applicant actually starts receiving the applicable service(s) from the Company under this Tariff.

Commission – Public Service Commission of Maryland

Company – Easton Utilities Commission d/b/a Easton Utilities

COMAR – Code of Maryland Regulations

Contribution in Aid of Construction – An amount of money or its equivalent provided to the Company by a Customer toward construction of utility plant. These amounts shall be credited to the accounts charged with the cost of such construction.

Customer – Any adult person, partnership, association, corporation, or other entity: (i) in whose name an account is listed, (ii) who occupies or is the ratepayer for a premises, building, structure, etc. and (iii) who is primarily responsible for payment of bills. Multiple premises or sites under the same name are considered multiple Customers.

Customer Charge – A charge designed to recover the costs the Company incurs for providing such services as metering, reading the meter(s), customer service, providing dedicated delivery service and billing the Customer's account.

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Effective: July 1, 2017	Title: President & CEO

RULES AND REGULATIONS

PART I - GENERAL – (continued)

Demand – The rate of use of energy during a specified time interval, expressed in kilowatts.

Designee – Any adult person, partnership, association, corporation or other entity who is authorized by the Customer to receive their electric metered and billing data.

Distribution Facilities – Electric facilities owned by the Company that operate at voltages of 25,000 volts or below and are used to deliver electricity to Customers, up through and including the point of physical connection with electric facilities owned by the Customer.

Extension – Portion of the Company's electric distribution system from the Company's existing electric system to the Customer's lot line.

kW, kilowatt – 1,000 watts.

kWh, kilowatt-hour – 1,000 watts for one (1) hour, or 1,000 watt-hours

NESC – National Electrical Safety Code

PJM Interconnection, LLC or ("PJM") – PJM Interconnection is a regional transmission organization (RTO) that coordinates the movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

Premises – A premises is one contiguous property or site which normally has one delivery point of service and one or more metered or unmetered rate or service classes, each of which is an Account, that when totaled equals the entire electricity used at that one premises or site. Multiple premises or sites under the same name are considered multiple Customers.

Residence – Applicable to one family residence or one family apartments within the Company's territory for electric service.

Service – Portion of the Company's electric distribution system from the Customer's lot line to their building.

Service Classification – Service is classified as one of the following rate schedules offered by the Company: Residential Service, General Service, Street and Highway Lighting, or Biomass, Solar and Wind Electric Generation.

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RULES AND REGULATIONS

PART I – GENERAL (continued)

Universal Service Program and Charge – A fund established under the Electric Customer Choice and Competition Act of 1999 which is used for low income fuel assistance and weatherization programs within the Company's service territory.

B. Filing and Posting

This Electric Service Tariff is supplemental to the "Regulations Governing Service Supplied by Electrical Companies" of the Public Service Commission of Maryland and comprises the Rules and Regulations of service and the Service Classifications under which electricity shall be delivered and supplied to its Customers by the Company. The Tariff is part of every contract for service. A copy of this Tariff is on file with the Public Service Commission of Maryland and open for inspection in each of the offices of the Company, as well as on the Company's website.

C. Revisions

This Tariff may be revised, amended, supplemented or otherwise changed from time to time, in accordance with rules and procedures of the Public Service Commission of Maryland.

D. Statement of Agents

No representative of the Company has authority to modify any rule or provision of this Tariff, or to bind the Company by any promise or statement contrary thereto, unless the same shall be incorporated in a written contract.

E. Rules and Regulations

The Rules and Regulations are a part of every contract for service and govern all classes of service unless otherwise specifically stated by a Service Classification.

F. No Prejudice of Rights

The failure by the Company to enforce or the decision not to enforce any of the provisions of this Tariff shall not be deemed a waiver of the right to do so.

G. Gratuities to Employees

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered.

RULES AND REGULATIONS

PART I - GENERAL – (continued)

H. Resolution of Disputes

When an Applicant or Customer has an issue to resolve with the Company, they should first contact the Company to resolve the issue. The Company and the Applicant or Customer shall use good faith and reasonable efforts to informally resolve the issue. If the Applicant or Customer wishes to file a formal complaint to resolve a dispute involving the Company, they may do so through the use of the procedures of the Public Service Commission of Maryland.

Issued: July 1, 2017

Signed: Hugh E. Grunden

Effective: July 1, 2017

Title: President & CEO

RULES AND REGULATIONS

PART II – APPLICATION AND CONTRACT FOR SERVICE

A. Application for Service

A written application for service is required from each Customer. This application when executed by the Company constitutes the contract between the Company and the Customer, subject to the terms of the applicable Service Classification, and these Rules and Regulations. Charges for service shall begin at the time service is made available to the Customer.

B. Right to Reject Application

The Company may reject any application for service if the Applicant does not meet all the requirements of the Rules and Regulations of this Tariff. The Applicant shall be given the reason or reasons for rejection of the application for service, in writing if requested.

C. One Point of Delivery

The Service Classifications of this Tariff, unless otherwise stated, are based upon the service to a single metering point. The Company shall provide only one metering installation for each class of service. The use of service at two or more separate properties shall not be combined for billing purposes.

The Company reserves the right to deliver service to more than one point where the Customer's load or service requirements necessitate such delivery. This procedure is applicable to non-residential customers having extensive operations in a contiguous area. Where the Customer desires an extra delivery circuit, the Customer shall pay the estimated costs of the additional facilities, including any applicable taxes associated with Contribution in Aid of Construction or otherwise.

D. Service at New Locations

Service at new locations shall be rendered only when all bills for service to the Customer at any other locations have been paid, or credit arrangements satisfactory to the Company have been made.

E. Distribution of Customer's Metered and Billing Data

Upon the Customer's request, the Company will provide one year of Customer's historical electric metered and billing data to the Customer or its designee at no charge. Requests for broader information may be provided at actual cost.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

RULES AND REGULATIONS

PART II – APPLICATION AND CONTRACT FOR SERVICE (continued)

F. Service Contracts

Standard contracts shall be for terms as specified in the applicable Service Classification. Where large or special investment is necessary for delivery service, or where service is to be used for temporary, or unusual purposes, contracts for terms other than specified in the Service Classification, or with special guarantees of revenue, or both, may be required. The size of any required Contribution in Aid of Construction shall include all applicable taxes.

G. Temporary Service

Temporary Service is service, ordinarily not recurrent in nature, required for temporary construction power, structures or locations. Temporary Service shall be rendered only when and where the Company has the necessary facilities available to render the service applied for, without detriment to the service of other Customers.

The Customer shall pay in advance the estimated cost of installation and removal of required facilities installed for the sole purpose of the temporary service. A deposit may be required, in advance, sufficient to cover the installation and removal, materials not returnable, and the estimated cost.

Temporary Service is available under Service Classification "GS-S", on a short-term basis. The minimum monthly bill for this Service shall be as specified under the provisions of classification "GS-S". The Customer is required to inform the Company in writing when Temporary Service is no longer needed.

H. Rights-of-Way/Permits

1. General

The Applicant requesting electric delivery service shall furnish, without expense to the Company, suitable rights-of-way or permits in a form approved by the Company for the installation of facilities on, over, under and across the premises of the Applicant for the purpose of providing electric delivery service to the Applicant and to the premises and other users in the vicinity.

If it is necessary to acquire such rights or permits from others, such as abutting property owners, lessors, railroads, etc., in order for the Company to serve the Applicant, then the Applicant shall be responsible for obtaining such rights or permits as the Company deems necessary.

Issued: July 1, 2017

Signed: Hugh E. Grunden

Effective: July 1, 2017

Title: President & CEO

RULES AND REGULATIONS

PART II – APPLICATION AND CONTRACT FOR SERVICE (continued)

Where, due to the nature of the property to be served, the Company finds the exact boundaries are of critical importance, the Applicant shall locate and mark such boundaries by an approved method and to the reasonable satisfaction of the Company.

The Applicant shall be responsible for clearing all trees, tree stumps and other obstructions from the construction area as designated by the Company, said clearing to be completed in reasonable time to meet service requirements. The Company shall be responsible for any additional tree trimming required for the clearance and safety of its facilities.

The construction area as designated by the Company shall be graded to within six (6) inches of final grade before the Company will commence construction. Grade stakes shall be provided within ten (10) feet of any planned on grade utility equipment.

If subsequent to construction start-up, the Company is required to relocate or adjust any of its installed facilities due to change in grade, adjustments of property lines or change in plans, the cost of such relocation, including any applicable taxes associated with Contributions in Aid of Construction or otherwise, shall be borne by the Applicant, its successors or assigns.

The Company shall own, operate, and maintain underground and overhead distribution lines only along public streets, roads, and highways which the Company has the legal right to occupy, and on public lands and private property across which rights-of-way and easements satisfactory to the Company may be obtained within a reasonable time and without cost or condemnation by the Company.

The Company is not responsible for damages to Customer owned facilities located in any rights-of-way.

The Company is not responsible for any underground facilities not located under the Miss Utility Law.

2. Required Property Information

The Applicant shall furnish in a format acceptable to and required by the Company, at no charge to the Company, property plats, utility plans, grading plans, roadway profiles, property line stakes, grade stakes and other items

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Effective: July 1, 2017	Title: President & CEO

RULES AND REGULATIONS

PART II – APPLICATION AND CONTRACT FOR SERVICE (continued)

showing details of proposed construction. This information is required in reasonable time to allow the Company to design and construct its facilities in a safe and efficient manner to meet service requirements and to comply with applicable laws, company standards, codes, and rules and regulations.

I. Hazardous Conditions

The Applicant shall notify the Company of any hazardous conditions which employees may encounter on the customer's property while installing or maintaining service. Where hazardous conditions exist which may impact the welfare of Company employees, the Company reserves the right to withhold service or require the Applicant to provide a non-hazardous route for necessary service facilities. The Applicant shall be responsible for all estimated costs required of the Company to meet applicable environmental or other hazardous condition laws required of our employees specifically for installation of the Applicant's service.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

RULES AND REGULATIONS

PART III – CUSTOMER’S DEPOSIT

A. Customer’s Deposit to Guarantee Payment of Final Bills

The Company may require a cash deposit from an Applicant or an existing Customer for each account until satisfactory credit is established in accordance with the COMAR to guarantee payment of final bills for service rendered. The Company reserves the right to hold either an aggregate deposit for all deposits for all accounts for a single Customer or multiple deposits for separate accounts for a single Customer. Where the Company holds more than one deposit for separate accounts for the same Customer, the Company shall administer each deposit individually. Such deposit shall not be more in amount than two-twelfth (2/12) of the estimated annual applicable revenue or as may be reasonably required by the Company in cases involving a service for short periods. Service may be denied or terminated for failure to pay a deposit when requested. Deposits shall not be applied against current delinquent bills.

Required deposits may be deferred at the Customer’s Request to the first month’s bill or may be paid in installments over three (3) consecutive monthly billing periods. Customers with a prior unpaid balance may be required to pay the full deposit prior to establishing new service.

Simple interest on deposits at a rate established annually by the Public Service Commission of Maryland shall be applied annually as a credit to the Customer’s account. The deposit shall cease to draw interest on the date it is returned, on the date service is terminated or on the date notice is sent to the Customer’s last known address the deposit is no longer required.

Deposits may be refunded after one (1) year for Residential deposits and after four (4) years for Non-Residential deposits and after satisfactory credit has been established. Satisfactory credit for Residential deposits is defined as (i) payment of the last twelve (12) consecutive monthly bills without more than two past due bills (ii) no disconnects for non- payment and (iii) without an outstanding unpaid previous balance. Satisfactory credit for Non-Residential deposits is defined as payment of the twenty-four (24) consecutive monthly bills.

All deposits shall be collected and administered pursuant to the requirements set forth in the COMAR.

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Title: President & CEO

RULES AND REGULATIONS

PART IV - PAYMENT TERMS

A. Billing Period

The rates are stated on a monthly basis and bills are rendered monthly following the supply of service based on electric meter readings.

B. When Bills are Payable

All bills are due and payable upon presentation.

C. Estimated Bills

When the Company's meter reader is unable at any regular reading date to read the Customer's meter, the Company may estimate the Customer's electric usage and render an estimated bill.

D. Returned Payments

Payments received which are returned to the Company unpaid by the Customer's bank, shall result in an additional charge of twenty-five (\$25) per occurrence, which charge shall be levied against the Customer's account. Proper notice of the returned payment and the charge shall be mailed to the Customer.

E. Late Payment Charge

Bills are due and payable upon presentation. If payment is not received by the Company prior to the next scheduled meter reading date, a late payment charge of one and one-half percent (1-1/2%) of the unpaid balance, less applicable taxes and environmental surcharge shall be added to the next billing unless prohibited by law. The total late payment charge for any original balance shall not exceed five percent (5%).

F. Installment Payments

Any Customer may request an installment payment agreement as an optional means for payment of Service delinquent charges and to avoid service termination resulting from those delinquent charges. An installment payment agreement is between the Customer and the Company, which guarantees payment by the Customer for the amount of the agreement over the specified period. Installment payment agreements shall be made through an authorized Company representative. All requests for installment payment agreements are subject to Company approval and the Company may require these agreements to be signed

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PART IV - PAYMENT TERMS(continued)

by the Customer and by a Company-authorized employee. A service charge of one and one half percent (1-1/2%) per month shall be applied on the unpaid balance due under this agreement. The balance amount of the agreement is not subject to the provisions of the late payment charge. Failure of the Customer to meet the conditions of this installment payment agreement including prompt payment of the current bill shall constitute a breach of this agreement and entitle the Company to pursue collection and termination procedures pursuant to the applicable rules and regulations of the Public Service Commission of Maryland.

G. Budget Billing

Budget billing provides a payment plan which allows Customers to levelize their monthly bills. The Budget Billing Plan is available to all Residential "R" and General Service Small "GS-S" Customers. "GS-S" Customers may be initially placed on the plan only in the billing months of April, May, October and November. Any such qualifying Customer who does not have a delinquent service balance outstanding may elect to be placed on budget billing. Under this plan, the Customer shall be billed for eleven (11) months on an estimated budget amount basis with the twelfth month as the settlement month. The billing for the settlement month shall consist of the difference between the actual amount due to date and the budget amount paid to date.

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RULES AND REGULATIONS

PART V – ADMINISTRATION OF SERVICE CLASSIFICATION

A. Load Inspections

A Company representative shall have access to the premises at reasonable times to inspect and measure the connected load.

B. Billing Changes

When demands are reassessed or redetermined, or power factor recomputed or remeasured, as the result of an investigation made at the Customer's request or by routine inspection, the change of billing to the new demand or power factor shall first apply to the bill for the billing period during which the investigation is made.

C. Company Assistance

The Company upon request shall assist the Customer in the selection of the most appropriate Service Classification, but the duty and responsibility of making the selection shall at all times rest with the Customer.

D. Changing Service Classifications

The Company reserves the right to change Service Classification based on actual customer usage.

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RULES AND REGULATIONS

PART VI – CUSTOMER'S INSTALLATION

A. Customer's Wiring

All of the Customer's wiring and appurtenances shall be furnished and installed by the Customer.

B. Description of Installation

The Customer, before connecting or purchasing any substantial electrical equipment, shall present in writing to the Company a list of devices which are to be installed giving the location of the proposed installation, so the Company may advise the Customer of the character of the service the Company shall furnish and the point at which service shall be connected and metered.

In those cases where the Company deems it necessary, the Customer shall present in writing complete specifications of equipment, loads, location plans, vaults, cable runs, substations, and other data required, so the Company may advise the Customer of the character of the service the Company shall furnish, the point at which it shall be connected and metered and any other requirements associated with the special conditions of the service.

For secondary underground residential and general services, the Company will own and maintain all wiring to the meter point. For overhead residential and general services the Company is responsible for the wiring up to the weather head connection point. For all general and residential services, the meter socket shall be supplied and maintained by the Customer.

For primary service customers the terminus of the Company's service from which the customer runs all wiring is, for the various types of supply, as follows:

- a) Overhead with Customer owned Primary and Transformation: The Customer's wiring shall terminate at the load side bushings in a ground level primary metering enclosure supplied by the Company. The Company shall be responsible for the primary riser and line side connections to the primary meter enclosure.
- b) Overhead with Company owned Primary and Transformation: The Customer's wiring shall terminate at any transformer secondary. The Customer, or their electrician, shall not enter any Company overhead line approach boundary as defined in the NESC without express written prior Company approval. The overhead line shall be deenergized where practicable or performed only by individuals specifically trained in

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RULES AND REGULATIONS

PART VI – CUSTOMER’S INSTALLATION (continued)

overhead hot line work and authorized to enter an NESC approach boundary.

- c) Underground with Customer owned Primary Transformation: The Customer’s wiring shall terminate at the load side bushings in a ground level primary metering enclosure supplied by the Company. The Company shall be responsible for the primary line side connections to the primary meter enclosure.
- d) Underground with Company owned Primary and Transformation: The Customer’s wiring shall terminate at the transformer secondary. The Customer, or their electrician, shall not enter any Company equipment without express written prior Company approval.

Only the Company’s representatives may make connections to any Company owned equipment.

C. Electrical Inspection

All new wiring and equipment and changes in wiring and equipment, shall conform to the standards of the National Electrical Code and those of local public authorities in force at the time.

The Company shall render service only after receipt by the Company of a notice of approval issued by the duly recognized inspection agency.

D. Reverse Phase Relay

The Customer shall install at its expense a reverse phase relay of approved type on all motors or other equipment where a definite direction of rotation must be maintained.

E. Phase Protection

The Customer shall install at its expense suitable voltage or current type of devices which will protect its equipment from damage in the event of phase outages.

F. Motors

The Customer shall advise the Company of the proposed requirements of the type of motor and starting current of the Customer’s equipment, as well as the voltage and phase of the service which are desired.

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RULES AND REGULATIONS

PART VI – CUSTOMER’S INSTALLATION (continued)

The Company reserves the right to refuse service to single phase motors rated five (5) horsepower or more and to polyphase motors rated less than five (5) horsepower and to polyphase motor installations having a total rating less than six (6) horsepower.

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RULES AND REGULATIONS

PART VII- SERVICE AND TRANSFORMER INSTALLATIONS

A. General

Services as used in this section refers to that portion of the Company's electric distribution system necessary to furnish permanent service from the Applicant's lot line to a residential building, mobile home or other commercial, industrial or multiple occupancy building. The Company's system facility from which the service is installed may be on public or private right-of-way. Services shall be installed either overhead or underground in accordance with the policies of the Public Service Commission of Maryland, and shall be designed and constructed with sufficient capacity and suitable material which, in the Company's judgment, shall assure the Applicant shall receive safe adequate and reasonable electric service for the foreseeable future.

The Company, where system facilities are of adequate capacity and adjacent to the Applicant's premise, will provide, install, and maintain residential services, all to the point of connection with the Applicant's wiring. Such point shall generally be at or near the corner of the building nearest the point at which the electric service line enters the property to be served and must be such the service will be clear of obstructions and adequately supported. Any modifications requested by the Applicant must be approved by the Company. Services shall not be connected until satisfactory payments or credit arrangements are made to satisfy the charges detailed in this section.

The Company may require the Customer to provide and install at the Customer's expense suitable conduit on the line side of the meter where the Customer installs paving in areas such as roadways, driveways or patios prior to the Company's installation of its cable, or where the cable route is such that future maintenance, repair or replacement would likely require other than direct buried cable installation.

B. Service Installation

1. Residential Service

The Company shall provide, own and maintain residential services. The Applicant shall pay the Company a charge for such new service equal to \$ \$7.49 per foot. There shall be a minimum seventy-five (75) foot charge for single-family dwelling units. All other residential services shall have a thirty (30) foot minimum charge. Any such payments shall not be waived or refunded.

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RULES AND REGULATIONS

PART VII- SERVICE AND TRANSFORMER INSTALLATIONS (continued)

2. Non-Residential Services

The Company shall provide, own and maintain non-residential services. The Applicant shall pay for all estimated costs associated with the service. Any such payments shall not be waived or refunded.

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RULES AND REGULATIONS

PART VII – SERVICE AND TRANSFORMER INSTALLATIONS (continued)

C. Special Service Conditions

Where the Applicant requests the Company and the Company agrees, to install facilities which are more costly than those normally furnished, the Applicant will be charged the difference in cost.

The Applicant shall be responsible to provide a service path, clear of all obstacles for the installation and maintenance of facilities. The path shall be identified by a method approved by the Company. Where the Applicant, by virtue of site conditions, causes a more costly than normal installation or maintenance, the Applicant will be charged the difference in cost.

Where environmental or other hazardous conditions require special work practices to comply with applicable rules or laws, the Company reserves the right to withhold service until a clear non-hazardous access can be provided or to charge the Applicant the additional costs.

Service lines shall not be installed inside or under Applicant's residence or building. Where residential or building extensions have inadvertently covered existing services, Applicant will be charged for immediate relocation as maintenance is required.

When replacement or repair of privately owned services is necessary, the Company may, if agreed to by the Customer, make the necessary repairs or replacements. The Customer shall be charged for all costs incurred by the Company.

D. Modification or Relocation of Existing Services

Any modifications, changes or relocations of existing Company-owned services shall be made by mutual agreement of the Company and the Customer. The Customer shall be charged for such modifications, changes or relocations.

In the event the Company shall be required by any public authority to place underground or relocate any portion of the Company's electric system, The Customer at its expense shall make the necessary changes in the location of its facilities to accommodate such changes. If any extension or modification is required to an existing service, those costs shall be the responsibility of the Customer.

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RULES AND REGULATIONS

PART VII – SERVICE AND TRANSFORMER INSTALLATIONS (continued)

E. Transformer and Meter Installations

The Company shall make transformer or meter installations on easements and rights-of-way only as permitted by the regulations of the public authorities. The type of metering or load requirements may require the Customer to provide for the installation of transformer facilities on private property.

Non-residential transformer pads are installed by the Company and paid for by the Customer.

The Company shall be responsible for all line and load side transformer connections.

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RULES AND REGULATIONS

PART VIII – METER INSTALLATIONS

A. Meters Provided and Owned by the Company

The Company shall normally furnish, install, maintain and own one (1) set of metering equipment for measurement of the service provided under each contract.

B. Meter Locations

The Company shall designate the location of meter(s). Meter connections shall not be concealed by plaster, sheathing, landscaping or any other means. All meter locations are subject to periodic inspection and require a minimum of a three (3) foot clearance to satisfy meter reading, equipment maintenance requirements and emergency response.

For secondary or primary metered installation, the Customer shall provide on his property, without charge to the Company, suitable space and an approved support, enclosure or other facility as required for mounting of metering equipment.

Where multiple meters are required, each meter position shall be clearly and visibly marked so each meter position is identified as to the location to which service is being supplied. Meters shall not be installed by the Company until this has been accomplished.

C. Right to Remove Company's Equipment

All meters, instrument transformers or other service equipment supplied by the Company shall remain its exclusive property. The Company shall have the right to remove all its property from the premises of the Customer at any time after the termination of service, whatever may have been the reason for such termination.

D. Reverse Registration

The Company may, by ratchet or other device, control its meters so as to prevent reverse registration.

E. Meter Tests

All meters shall be tested by the Company in accordance with its periodic test schedule and in a manner prescribed by the Public Service Commission of Maryland. Meter tests performed at the request of a Customer shall be made in accordance with Part IX.

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RULES AND REGULATIONS

PART VIII – METER INSTALLATIONS(continued)

F. Residential Multiple Occupancy Buildings

Any new residential multiple occupancy building shall be individually metered for each occupancy unit that is individually leased or owned.

G. Unscheduled Meter Reading

Notwithstanding billing disputes, when a Customer requests a meter reading of a non-demand meter on an unscheduled meter reading date, the Customer shall be charged twenty-five (\$25) per meter for that special meter reading service per occurrence. When a Customer requests a meter reading of a demand meter on an unscheduled meter reading date, the Customer shall be charged on a time and material basis per meter, not to exceed one-hundred dollars (\$100) per meter, for that special meter reading service per occurrence. This special meter reading service shall be for data collection or informational purposes only. This service shall not be used to change the Customer's regular scheduled billing, unless it is agreed to by the Company, at the Company's sole discretion, and at the Customer's additional expense.

H. Remote Reading Devices

The Company, at its discretion or upon request from a Customer may install remote reading devices, subject to availability. Remote reading devices shall be owned, installed and maintained by the Company. When requested by the Customer and approved by the Company, such installation may be made at cost payable by the Customer. The location of the remote reading device shall be subject to Company approval.

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RULES AND REGULATIONS
PART IX – ADJUSTMENT OF CHARGES

A. Fast Watt-Hour Meter

Whenever a watt-hour meter in service is found to have a positive weighted average error, upon test made by the Company or the Public Service Commission of Maryland, that is when it over-registers or is fast, in excess of two percent (2%), the Company shall credit or refund to the Customer an amount equal to the excess paid for the kilowatt-hours incorrectly metered. The refund shall be for the period the Customer received service through the meter, but for not more than the periods established below:

1. Known Date of Error – If the date on which the error first developed or occurred can be established, the bills for service shall be recalculated from that time.
2. Unknown Date of Error – If the time at which the error first developed or occurred cannot be established, it shall be assumed the over-registration existed for a period of three (3) years or a period equal to one-half of the time since the meter last tested, whichever is less.

B. Slow or Stopped Meter

When a meter is found, upon test made by the Company or the Public Service Commission of Maryland, to have a weighted negative average error, that is when it under-registers or is slow, in excess of two percent (2%), or to be stopped, or in case of a polyphase meter, to be operating with an inactive element, and the error in registration or failure to operate is not attributable to the negligence of the Company, but is due to some unpredictable cause, such as lightning, tampering or unauthorized overload, the Company shall estimate the proper charge for the unregistered service by reference to the Customer's consumption during similar normal periods or by such methods as the Public Service Commission of Maryland may authorize or direct. Except in cases of tampering, theft, inaccessibility to the meter, or unauthorized overload, the Company shall bill the customer one-half of the unbilled error for a period of 3 months, unless the meter has been tested within that 3-month period, in which event the Company may bill the Customer one-half the unbilled error for the period since the meter was last tested.

C. Demand Meter

Whenever a demand meter is installed, the readings, or indications of which are utilized in computing the charges is found, upon test by the Company or the Public Service Commission of Maryland, to be in error, in excess of the limits indicated below, the charges to the Customer shall be adjusted in the same manner as prescribed under watt-hour meters above.

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RULES AND REGULATIONS

PART IX – ADJUSTMENT OF CHARGES (continued)METER TYPELIMITS OF ACCURACY

Integrated Demand Meters

 $\pm 2\%$ of full scale reading

Lagged-Demand Meters

 $\pm 2\%$ of final indication

D. Requests for Meter Tests

Upon request by a Customer, the Company shall test the Customer's meter provided such tests need not be made more frequently than once in eighteen (18) months. If tests of meters at the Customer's request are performed more frequently than once in eighteen (18) months, the Company shall charge the Customer thirty dollars (\$30) for testing a non-interval meter. For testing a demand meter, the charge shall be rendered on a time and material basis per interval meter tested, not to exceed five hundred dollars (\$500) per interval meter tested. No charge shall be made for testing meters which upon test are found to exceed the allowable accuracy limits as defined in this section. The Customer, or its representative, may be present when the Customer's meter is tested. A written report of the test shall be mailed to the Customer within ten (10) business days after the completion of the test.

At the Customer's request, the Company will provide the Customer with the Company's time and material cost estimate for testing the Customer's demand meter, prior to the work being performed. If the Customer believes the estimate is unreasonable, the Customer and the Company will work together in good faith to identify a mutually-acceptable third party to perform the meter test where such alternative meter testing shall meet the Public Service Commission of Maryland's meter testing standards. To the extent that a third party performs the work, such work shall be deemed to be performed for the Customer. Each party (the "Indemnifying Party") shall indemnify the other against any claims of third parties arising out of the Indemnifying Party's acts or omissions with respect to the testing of Customer's meter and any associated telemetering equipment.

E. Adjustments for Incorrect Billings

Incorrect billings resulting from clerical error, incorrect meter installation, meter inaccuracy or reading, incorrect applications of the rate schedule or other similar reasons shall be corrected immediately upon discovery and corrected bills rendered to the Customer. However, in the case additional charges are due from the Customer under the application of this paragraph, retroactive billing may not be for more than 12 months

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RULES AND REGULATIONS

PART IX – ADJUSTMENT OF CHARGES (continued)

prior to the discovery of the error unless authorized by the Public Service Commission of Maryland. The Company may seek the Commission's authorization for retroactive billing for undercharges which occurred more than 12 months but not more than 3 years. If the Customer has been overcharged, the Company shall refund the amount due by credit to the Customer's account, or in the case of an unknown date of the error, for a period of 3 years or a period equal to one half of the time since the date upon which it can be established the error did not exist, whichever is less. In the event additional charges are due the Company, installment payments shall be offered for not less than the number of months the account was billed in error.

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RULES AND REGULATIONS

PART X – CONTINUITY OF SERVICE BY COMPANY

A. Company Liability

1. The Company does not guarantee continuous uninterrupted electric service and, except as provided herein, shall not be liable for any change in, interruption, phase loss or reversal, or resumption of service. The Company shall not be liable to Customers, their directors, officers, employees, agents, or contractors, for any loss, cost damage, expense, or any other liability (all of which shall be considered “Damages”) regardless of whether such Damages are considered direct, indirect, incidental, special, consequential, exemplary or punitive Damages or to arise in contract or in tort, or any other cause of action, except as caused by the gross negligence or willful misconduct of the Company and only to the extent caused by the Company.
2. The Company shall not be liable for any delay of performance, failure to perform or failure of equipment for any cause other than the gross negligence or willful misconduct of the Company, and shall not be liable for Damages from causes beyond its reasonable control including but not limited to: Acts of God, storm, fire, flood, lightning, explosion or other catastrophes; any law, order, regulation, direction, action or request of the United States government or of any other government, including state and local governments having or claiming jurisdiction over the Company; acts or omissions of other entities, preemption of existing service in compliance with national emergencies; insurrections; wars; riots; unavailability of rights-of-way or materials, or strikes, lockouts, work stoppages or other labor difficulties.

The Company shall not be liable for any act or omission of any entity furnishing the Company or the Company’s Customers goods, services, equipment or other products to be delivered through the Company’s facilities or to be used in conjunction with goods, services, equipment of other products furnished by the Company. The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

B. Notice of Trouble

The Customer shall notify the Company promptly of any defect in service or of any trouble or irregularity in the electric supply or delivery service.

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RULES AND REGULATIONS

PART X – CONTINUITY OF SERVICE BY COMPANY (continued)

C. Prearranged Interruption of Service

Whenever it is necessary to interrupt service for work on lines or equipment, such work shall be done, to the extent practical, at a time that will cause the least inconvenience to the Customer. The Customer(s) to be affected shall, if practical, be notified in advance of such interruptions.

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RULES AND REGULATIONS

PART XI – CUSTOMER’S USE OF SERVICE

A. Resale Forbidden

The Customer shall not directly or indirectly sell, sublet, assign or otherwise dispose of the electric energy provided by the Company except in master-metered apartment houses, office buildings or shopping centers in accordance with the COMAR. Purchase of energy for use by tenants located on the Customer’s property, when the cost to the tenant of such energy is included in the normal rental charge for occupancy of the premises, shall not be considered as resale.

B. Multiple Occupancy Buildings

Multiple occupancy buildings and shopping centers shall not be master metered, but shall be individually metered for each occupancy unit that is individually leased or owned, except as permitted pursuant to Maryland Law. For the purposes of this paragraph, individual meters include only meters installed and owned by the Company.

C. Fluctuations

Electric Delivery Service must not be used by the Customer in such a manner as to cause unusual fluctuations or disturbances in the Company’s delivery system. Should such fluctuations or disturbances be caused by the Customer, the Company may discontinue service or require the Customer to modify its installation and/or install and maintain approved controlling devices at the Customer’s expense.

D. Unbalanced Loads

Where non-residential service is rendered, the Customer shall at all times take and use energy in such a manner the load will be taken equally between phases. Should this not be possible and the unbalancing exceed ten percent (10%) of the lesser phase, the company reserves the right to compute the demand for billing purposes on the assumption the load on each phase is equal to that on the greatest phase.

E. Transient Voltages

Where equipment such as welders, x-rays and radio transmitters, requires other than standard construction of the Company’s facilities to prevent objectionable interference with the Company’s service to any of its Customers, the Customer, at his expense shall furnish, install and maintain any corrective measures necessary to obviate it, or as compensation for special construction, pays the Company the estimated installed cost of the additional main and service line facilities.

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RULES AND REGULATIONS

PART XI – CUSTOMER’S USE OF SERVICE (continued)

Customers are cautioned certain types of data processing equipment are sensitive to transient voltages which typically occur in commercial power systems in routine operation. The Company shall not be liable for transient voltage-related damage or loss.

F. Superimposition of Electric Signals on the Company’s Electric System

When the Customer couples to or superimposes any signal on its electric system for equipment control, load management control, carrier current transmission, signal systems, communications, broadcasting or any other purpose, the Customer shall be responsible for preventing any such signals from being imposed upon or entering the Company’s metering and electric system.

G. Power Factor

The average power factor under the operating conditions of the Customer’s load at the point where the electric delivery service is metered shall not be less than ninety percent (90%) lagging.

Where lighting, welding, motors or other electrical equipment or devices having low power factor characteristics are installed, the Customer shall furnish, install and maintain, at its own expense, corrective apparatus which shall increase the average power factor of the individual units or the entire installation to not less than ninety percent (90%) lagging.

H. Uses Other than Stated in Contract

The Company’s service shall not be used for any purpose or any place other than stipulated in the Customer’s contract for service except by written consent of the Company.

I. Characteristics of Service

The Company’s service shall consist of sixty (60) hertz, single-phase or three-phase alternating current at one standard primary or secondary voltage. The type of service (number of phases and voltages) available varies with location and load.

Voltage delivered to Customer’s facilities shall normally be maintained with the limits prescribed by the regulations of the Public Service Commission of Maryland, except under emergency conditions and/or conditions beyond the reasonable control of the Company.

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RULES AND REGULATIONS

PART XI – CUSTOMER’S USE OF SERVICE (continued)

A Customer or prospective Customer must contact the Company to ascertain the type of service the Company shall provide before making plans for receiving electric service or making alternations to existing service.

Secondary Service – Single-phase or three-phase circuits carrying a nominal voltage of 480 volts or less between any two conductors.

Primary Service – Single-phase or three-phase circuits carrying a nominal voltage of 8,320 volts or 25,000 volts between any two conductors.

J. Change of Installation

The Customer shall give immediate written notice to the Company of any proposed substantial increase or decrease in, or change of purpose or location of the Customer’s installation. The service connection, transformers, meters and equipment supplied by the Company for each Customer have a definite capacity and no additions to the equipment or load connected thereto shall be permitted except by written consent of the Company. Failure to give notice of additions or changes in load or location shall render the Customer liable for any damage to the meters or their auxiliary apparatus or the transformers or wires of the Company caused by the additional or changed installation.

K. Limitation of Use

No other source of electric supply shall be introduced or permitted, directly or indirectly, for the Customer’s use without written notice to the Company and written consent of the Company which shall not be unreasonably withheld. An installation for which permission has been granted must be made so the supply of current from the Customer’s generator cannot feed into the Company’s distribution system, unless agreed to by contract between the Company and the Customer. In addition, such source of supply must meet all of the requirements of PJM.

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RULES AND REGULATIONS

PART XII – DEFECTS IN CUSTOMER’S INSTALLATION

A. Company’s Right to Inspect

The Company shall have the right, but shall not be obliged to inspect any installation before electricity is introduced or at any later time, and reserves the right to reject any wiring or appliances not in accordance with the Company’s standard requirements; but such inspection, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage, resulting from defects in the installation, wiring or appliances, or from violation of Company Rules, or from accidents which may occur upon the premises of the Customer.

B. Defective Installations

If at any time the wiring, fixture or appliances of the Customer are found to be defective or dangerous by the Company’s representative or by the local public authorities, service may be refused or discontinued until the Customer has the condition corrected.

C. Customer’s Responsibility

The Company assumes no responsibility for any damages resulting from any defect in the wiring, fixtures, or appliances of the Customer. In the event any loss or damage to the property of the Company, or any accident or injury to persons or property is caused by or results from the negligence or wrongful act of the Customer, its agents, or employees, the cost of the necessary repairs or replacements shall be paid by the Customer to the Company and any liability otherwise resulting shall be assumed by the Customer.

D. Company Liability

The Company shall not be liable for any loss, cost, damage or expense resulting from the presence of electric current or the Company’s equipment on the Customer’s premises, or from the use of the service of the Company by the Customer.

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Effective: July 1, 2017	Title: President & CEO

RULES AND REGULATIONS

PART XIII – ACCESS TO PREMISES

A. Access to Premises

The authorized agents or representatives of the Company having the proper Company identification shall have access at all reasonable times to the premises of the Customer for the purpose of reading the Company's meters, connecting and disconnecting service, operating, testing, inspecting, repairing, maintaining, removing or replacing any or all of the Company's apparatus used in connection with the delivery of electricity. If the Company's meters or other equipment are located on the premises of someone other than the Customer, the Customer shall be responsible to arrange for access thereto by Company agents or representatives.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

RULES AND REGULATIONS

PART XIV – TAMPERING WITH COMPANY’S PROPERTY

A. Tampering Expressly Forbidden

No person except a duly authorized representative of the Company shall make any connection or disconnection, either temporary or permanent between the service load of the Customer and the service wires of the Company or set, change, remove or interfere with or make any connections to the Company’s meter or other property or any wiring between the Company’s meter and the service wire of the Company.

B. Liability for Tampering

In the event of the Company’s meters or other property being tampered or interfered with, the Customer being supplied through such equipment or other responsible party shall pay the amount which the Company may estimate is due for service used but not registered on the Company’s meter and for the costs of any repairs, replacements required, investigations, inspections, costs of prosecution including legal fees, installation of any protective equipment and any other changes in the Customer’s installation as may be required by the Company. The other responsible party shall be the party who either tampered with or caused the tampering with a meter or other equipment. The Customer being supplied through such equipment or the other responsible party shall also be responsible for paying all costs associated with the tampering investigation, including, but not limited to field and office work.

Issued: July 1, 2017

Signed: Hugh E. Grunden

Effective: July 1, 2017

Title: President & CEO

RULES AND REGULATIONS

PART XV – COMPANY’S RIGHT TO DISCONTINUE SERVICE

A. Right to Discontinue Service

The Company reserves the right to discontinue the service for any of the following reasons.

1. Without Prior Notice

- a. Unavoidable shortage or interruptions in Company’s source of supply or other cases of emergency.
- b. Whenever a hazardous condition is found to exist on the Customer’s premises.
- c. Interference, tampering or other unauthorized use of meters or Company equipment or diversion of service.
- d. Whenever environmental or other hazardous conditions would expose Company employees to undue risk in the maintenance of Customer Service.
- e. Exceeding the limits of current supply specified on the Application for Service without the required notice.

2. With Prior Notice

- a. Failure to remedy conditions having detrimental effect on Company equipment or on the service of others.
- b. Non-payment of any bill for electric service which is greater than \$50 if the security deposit is less than the total owed.
- c. Non-payment of any bill for electric service which is less than \$50 and has been outstanding for 2 months or longer.
- d. Violation of or noncompliance with these Rules and Regulations or the effective Service Classification or Contract. The Company may refuse to provide any service until the Customer has corrected the conditions constituting such violation or noncompliance.
- e. Failure to pay a deposit as requested.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

RULES AND REGULATIONS

PART XV – COMPANY’S RIGHT TO DISCONTINUE SERVICE (continued)

- f. Misrepresentation of or failure to disclose any material fact in an apparent attempt to defraud the Company or to avoid payment of any outstanding bill for service rendered.
- g. Refusal to grant access, during reasonable working hours, for maintenance, meter reading or removal of equipment, inspection or replacement of equipment.
- h. Failure to pay Service Installation costs.
- i. For providing a false name or social security number or for failing to disclose, upon request, that past services have been received and not paid for under a different name or social security number.
- j. Withdrawal or termination of the proper permits, certification or rights-of-way.

3. Notice

- a. The notice provided for in Part XV-A-2 shall consist of not less than fourteen (14) days’ notice sent by first class prepaid mail deposited in a United States mailbox and addressed to the Customer at his last known mailing address appearing on the records of the Company. The notice shall conform with the requirements of the COMAR.

B. Reconnection Charge

Service disconnected by the Company for any reason set forth in Part XV-A shall be restored only on payment of the appropriate reconnection charge stated below in addition to the previous balance due under the Customer’s contract, except when it has been necessary to disconnect or remove overhead or underground service wires to effect discontinuance of service. In such cases, the actual costs of discontinuance and reconnection shall be applicable in addition to the previous balance due.

Any Customer whose service has been disconnected or limited may be required to post a deposit in order to have service reconnected.

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Effective: July 1, 2017	Title: President & CEO

RULES AND REGULATIONS

PART XV – COMPANY’S RIGHT TO DISCONTINUE SERVICE (continued)

Time of Reconnection

Reconnection Charge

8 a.m. to 4:00 p.m.	Mon – Fri., excluding Company Holidays	\$35.00
4:00 p.m. to 11:00 p.m.	Mon- Fri., Weekends & Company Holidays	\$45.00
11 p.m. to 8 a.m.	Any Day	No reconnections performed

Disconnection

At location other than meter	\$70.00
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C. Collection of Payments at the Premises

At the Company’s option, the Customer may avoid service termination for non-payment of bills by making payment of the past due balance due to a Company representative at the premises.

In addition to payment of the past due balance, there shall be a fee of \$35.00 per trip to the premises for collection of payments.

Installment payments or any other agreements shall be made through an authorized Company representative.

Issued: July 1, 2017

Signed: Hugh E. Grunden

Effective: July 1, 2017

Title: President & CEO

RULES AND REGULATIONS

PART XVI – DISCONTINUANCE OF SERVICE BY CUSTOMER

A. Notice to Discontinue

The Customer must give the Company at least five (5) days written notice to discontinue service unless otherwise agreed upon and shall be liable for service taken until the meter shall have been disconnected or read. Such notice prior to the expiration of a contract term shall not relieve the Customer from any minimum or guaranteed payment under any contract or Service Classification.

B. Completion of Term

If, by reason of any act, neglect or default of a Customer or its agent, the Company's service is suspended, or the Company is prevented from providing service in accordance with the terms of any contract it may have entered into, the minimum charge for the unexpired portion of the contract term shall become due and payable immediately as liquidated damages in lieu of the anticipated returns from the said contract.

C. Final Bill

The final bill for service shall be based on an actual meter reading, unless the Company cannot gain access to the premises, and is due and payable when rendered.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

RULES AND REGULATIONS

PART XVII – EXTENSIONS

A. General

Extensions to the Company's electric system shall be provided, owned and maintained under the terms and conditions herein enumerated.

Extensions, as used in this section, refer to overhead or underground conductors and associated materials that must be constructed along public streets, roads and highways, or on private property from the Company's existing electric system to the Applicant's lot line.

Extensions shall be installed either overhead or underground in accordance with the policies of the Public Service Commission of Maryland, and shall be designed with sufficient capacity and suitable materials which, in the Company's judgment, shall assure the Applicant, or Customer, shall receive safe, adequate and reasonable electric service for the foreseeable future. Modifications to the Company's design, requested by the Applicant, shall be made when such modifications are acceptable to the Company in its sole judgment.

Where the Applicant requests the Company to install facilities which are more costly than those proposed to be furnished by the Company, the Applicant shall pay the Company the difference in cost between the requested installation and that deemed necessary by the Company.

1. The Company shall provide, own and maintain line extensions. The Company's investment in line extensions shall be limited to three (3) times the related estimated annual distribution service revenue, ("Estimated Revenue"), from Customers to be initially served from the line extension. Where such Estimated Revenue does not justify the estimated investment in the extension, the Applicant shall provide a deposit in accordance with Part XVII-D.
2. For the purpose of definition those Customers to be initially served shall be considered as buildings under construction at the time the contract for the extension is signed. As additional facilities are needed to serve additional Customers, the Applicant may be required to make an additional deposit or may receive a refund accordingly.

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Effective: July 1, 2017	Title: President & CEO

RULES AND REGULATIONS

PART XVII – EXTENSIONS (continued)

3. When a line extension and service are both required to provide service to a non-residential Customer, the Estimated Revenue shall be compared to the total estimated investment of the line extension and service.
4. Where Customers are served from private facilities, the Company may, upon request, provide maintenance to such facilities with all costs borne by the Customer.

B. Extension Installation

1. Residential Extension

The Company shall provide, own and maintain residential line extensions. The Company shall construct the line extension from the Applicant's lot line to the existing underground or overhead line on either side of the street at no charge to the Applicant.

2. Non-Residential Extension

The Company shall own and maintain non-residential line extensions. The Applicant shall pay the estimated cost in advance to construct the line extension from the Applicant's lot line to the existing underground or overhead line.

C. Extension for Subdivisions

Underground electric distribution system means that portion of the Company's electric utility distribution plant necessary to furnish permanent underground service to all present and anticipated residential buildings and mobile homes in a subdivision. The system includes underground electric service lines as defined in Part VII.

1. For underground electric distribution systems installed in subdivisions, the Company shall construct a connection from the boundary line of the Applicant's subdivision to the Company's existing supply facilities, subject to the following provision:

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Effective: July 1, 2017	Title: President & CEO

RULES AND REGULATIONS

PART XVII – EXTENSIONS (continued)

- (a) The extension from the boundary line of the subdivision, for a maximum distance of 200 feet, shall be made underground, at the Company's expense; and
 - (b) If an extension in excess of 200 feet is required, then the extension over 200 feet shall be made underground and the applicant must pay in advance the estimated installed cost.
- 2. When, due to the manner in which a subdivision is developed, the Company is required to construct an underground electric distribution system through a section or sections of the subdivision where service will not be connected for at least 2 years, then the Company may require the Applicant to pay a deposit for the estimated installed cost of the underground distribution system less the estimated installed cost of transformers, meters, and services.

The deposit, without interest, shall be returned to the Applicant on a proportional basis as each new customer in the subdivision completes his permanent service connection.

Any portion of the deposit remaining unrefunded five (5) years from the date the Company is first ready to render service from the extension will be retained by the Company.

- 3. The Applicant shall furnish in a format acceptable to and as required by the Company, at no charge to the Company, property plats, utility plans, grading plans, roadway profiles, property line stakes, grade stakes and other items showing details of proposed construction. This information is required in reasonable time to allow the Company to design and construct its facilities in a safe and efficient manner to meet service requirements and to comply with applicable laws, company standards, codes, and rules and regulations.
- 4. Each Applicant will cooperate with the Company, in an effort to keep the cost of construction and installation of the underground electric distribution system as low as possible. Additional costs arising from failure of the Applicant to cooperate with the Company, such as making changes in grade or failing to maintain grade, shall be borne by the Applicant.

If an underground installation is to be constructed within a subdivision designed to include large open areas which would result in an abnormal increase in the investment per customer required to construct the underground distribution

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Signed: Hugh E. Grunden

Effective: July 1, 2017

Title: President & CEO

RULES AND REGULATIONS

PART XVII – EXTENSIONS (continued)

system, then the Company may refer the matter to the Public Service Commission of Maryland for a ruling as to whether a charge should be assessed against the Applicant, and the amount of the charge, if any.

D. Deposits

Deposits required for extensions shall be the amount equal to the estimated installed cost of the extension. Such deposit shall not exceed the equivalent of \$1.00 per foot of the line extension that is not on the Applicant's property.

Should the Applicant provide a Letter of Credit or other Financial Instrument, the Estimated Revenue attributable to the extension shall be examined prior to the Letters' or other Instruments' expiration. The Company shall draw on the Letter of Credit or Instrument where a continued financial guarantee is still required. Such draw shall then be considered a deposit under the above section.

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Effective: July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "R"

PART XVIII - RESIDENTIAL SERVICE

A. Availability

This rate applies throughout the territory served by the Company and is available to any Customer desiring service for a one-family residence or one-family apartment.

B. Contract Term

Residential contracts are on a monthly basis until terminated.

C. Monthly Rate

The monthly charges and rates under this Service Classification are shown on Tariff Sheet No. 47.

D. Public Service Company Franchise Tax

In addition to the charges provided for in this Service Classification, the Public Service Company Franchise Tax shall apply to all sales rendered hereunder before the application of the Maryland Sales Tax, unless the Customer is exempt from such tax.

E. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern the provision of service under this Service Classification.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

MONTHLY CHARGES AND RATES

SERVICE CLASSIFICATION - RESIDENTIAL - "R"

Distribution Charges:

	SUMMER Billing Months June Through September		WINTER Billing Months October Through May	
	Bills Rendered between 7/1/2017 and before 1/1/2018	Bills Rendered on and after 1/1/2018	Bills Rendered between 7/1/2017 and before 1/1/2018	Bills Rendered on and after 1/1/2018
Customer Charge	\$5.50/Month	\$6.00/Month	\$5.50/Month	\$6.00
Distribution Rate:				
First 1,000 kWh Rate	\$0.0450/kWh	\$0.050/kWh	\$0.045/kWh	\$0.050/kWh
Excess kWh Rate	\$0.0450/kWh	\$0.050/kWh	\$0.030/kWh	\$0.035/kWh
Universal Service Program Rate	Refer to the 'USP' Rider	Refer to the 'USP' Rider	Refer to the 'USP' Rider	Refer to the 'USP' Rider
Franchise Tax	\$0.000620/kWh	\$0.000620/kWh	\$0.000620/kWh	\$0.000620/kWh
Environmental Surcharge	\$0.000150/kWh	\$0.000150/kWh	\$0.000150/kWh	\$0.000150/kWh
RGGI Rate Credit	Refer to the 'RGGI Rate Credit' Rider	Refer to the 'RGGI Rate Credit' Rider	Refer to the 'RGGI Rate Credit' Rider	Refer to the 'RGGI Rate Credit' Rider

Energy Charge:

Energy Rate, all kWh Refer to the "ER" Rider

Issued: July 1, 2017

Signed: Hugh E. Grunden

Effective July 1, 2017

Title: President & CEO

SERVICE CLASSIFICATION "GS-S"

GENERAL SERVICE – SMALL

A. Availability

This rate is available to any Customer having an average monthly maximum measured demand of 250 kW or less in the preceding calendar year and desiring service at secondary voltage as defined in Part XI-I of the Rules and Regulations. Any customer served under this Service Classification shall remain on this Classification for at least twelve (12) billing months, even though such customer's maximum measured demand in succeeding month's may be 250 kW or more. After such 12 billing months, at the Customer's option, the Customer may be transferred to Service Classification "GS-L" provided the Customer has had an average maximum measured demand of more than 250 kW for the preceding calendar year. This rate is available to all temporary services.

B. Contract Term

Contracts, when required, are for an initial period of one (1) year with automatic month-to-month extensions until terminated. A contract for an initial period of more than (1) year may be required if special investment by the Company is necessary. Temporary services are month-to-month extensions until terminated.

C. Monthly Rate

The Monthly Charges and Rates under this Service Classification are shown on Tariff Sheet 51.

D. Measured Demand

1. The measured demand shall be the greatest demand established by the Customer during any thirty (30) minute period of the month as measured by a demand meter, taken to the nearest whole kilowatt.
2. For demands of less than fifteen kilowatts (15 kW), the demand of a Customer may be determined, at the option of the Company, by measurement, by assessment after test, or by estimation.

E. Billing Demand

The highest kilowatt demand determined either by a thirty (30) minute integrated demand meter or a thirty (30) minute lagged thermal demand meter, occurring during the month, taken to the nearest whole kilowatt, shall be the billing demand for that month, except that the billing demand shall not be less than 75% of the highest billing demand determined during the preceding eleven (11) months.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "GS-S"

GENERAL SERVICE – SMALL (continued)

F. Minimum Charge

The minimum monthly charge shall be the Customer Charge.

G. Public Service Company Franchise Tax

In addition to the charges provided for this Service Classification, The Public Service Company Franchise Tax shall apply to all sales rendered hereunder before the application of the Maryland Sales Tax. Unless the Customer is exempt from such tax.

H. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern the provision of service under this Service Classification.

I. Metering

The Company shall normally furnish, install, maintain and own one (1) set of metering equipment for measurement under this Service Classification.

J. Power Factor

The customer agrees to maintain unity power factor as nearly as practicable. The Company reserves the right to measure the power factor. Should such measurements indicate that the average power factor is less than ninety (90) percent, demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety (90) percent and divided by the percent power factor.

K. Primary Metering Discount

A discount of three (3) percent of the energy (kWh) charge will be allowed when the service is metered at primary voltage and the Customer owns, installs, and maintains all transforming, switching and protective equipment.

Demand (kW) shall be discounted.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective July 1, 2017	Title: President & CEO

MONTHLY CHARGES AND RATES

SERVICE CLASSIFICATION - GENERAL SERVICE-- SMALL - "GS-S"

Distribution Charges:

	Bills Rendered between 7/1/2017 and before 1/1/2018	Bills Rendered on and after 1/1/2018
Customer Charge	\$10.91	\$12.17
Distribution Rate:		
First 10,000 kWh Rate	\$0.0478/kWh	\$0.05256/kWh
Excess kWh Rate	\$0.0308/kWh	\$0.03556/kWh
Demand Rate First 15 kW	No Charge	No Charge
Demand Rate Greater Than 15 kW	\$4.52/kW	\$5.04/kW
	Refer to the "USP" Rider	Refer to the "USP" Rider
Universal Service Program Rate		
Franchise Tax	\$0.000620/kWh	\$0.000620/kWh
Environmental Surcharge	\$0.000150/kWh	\$0.000150/kWh

Energy Charges:

Energy Rate, all kWh	Refer to the "ER" Rider
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Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "GS-L"

GENERAL SERVICE - LARGE

A. Availability

The rate is available to any Customer having an average monthly maximum measured demand of greater than 250 kW in the preceding calendar year and desiring service at secondary voltage as defined in Part XI-I of the Rules and Regulations. Any Customer served under this Service Classification shall remain on this Classification for at least twelve (12) billing months, even though such Customer's maximum measured demand in succeeding months may be 250 kW or less. Any Customer taking service under this Service Classification whose average measured demand in the preceding calendar year is 250 kW or less will be automatically transferred to Service Classification "GS-S" effective with the next succeeding billing month.

B. Contract Term

Contracts, when required, are for an initial period of one (1) year with automatic month-to-month extensions until terminated. A contract for an initial period of more than (1) year may be required if special investment by the Company is necessary or demands greater than one thousand kilowatts (1,000 kW).

C. Monthly Rate

The Monthly Charges and Rates under this Service Classification are shown on Tariff Sheet 53.

D. Measured Demand

1. The measured demand shall be the greatest demand established by the Customer during any thirty (30) minute period of the month as measured by a demand meter, taken to the nearest whole kilowatt.
2. For demands of less than fifteen kilowatts (15 kW), the demand of a Customer may be determined, at the option of the Company, by measurement, by assessment after test, or by estimation.

E. Billing Demand

The highest kilowatt demand determined either by a thirty (30) minute integrated demand meter or a thirty (30) minute lagged thermal demand meter, occurring during the month, taken to the nearest whole kilowatt, shall be the billing demand for that month, except that the billing demand shall not be less than 75% of the highest billing demand determined during the preceding eleven (11) months.

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "GS-L"

GENERAL SERVICE – LARGE (continued)

F. Minimum Charge

The minimum monthly charge shall be the Customer Charge.

G. Public Service Company Franchise Tax

In addition to the charges provided for this Service Classification, the Public Service Company Franchise Tax shall apply to all sales rendered hereunder before the application of the Maryland Sales Tax. Unless the Customer is exempt from such tax.

H. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern the provision of service under this Service Classification.

I. Metering

The Company shall normally furnish, install, maintain and own one (1) set of metering equipment for measurement under this Service Classification.

J. Power Factor

The Customer agrees to maintain unity power factor as nearly as practicable. The Company reserves the right to measure the power factor. Should such measurements indicate that the average power factor is less than ninety (90) percent, demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety (90) percent and divided by the percent power factor.

K. Primary Metering Discount

A discount of three (3) percent of the energy (kWh) charge will be allowed when the service is metered at primary voltage and the Customer owns, installs, and maintains all transforming, switching and protective equipment.

Demand (kW) shall be discounted.

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Signed: Hugh E. Grunden

Effective: July 1, 2017

Title: President & CEO

MONTHLY CHARGES AND RATES

SERVICE CLASSIFICATION - GENERAL SERVICE - LARGE - "GS-L"

Distribution Charges:

	Bills Rendered between 7/1/2017 and before 1/1/2018	Bills Rendered on and after 1/1/2018
Customer Charge	\$28.25/Month	\$31.50/Month
Distribution Rate:		
First 10,000 kWh Rate	\$0.0470/kWh	\$0.05835/kWh
Excess kWh Rate	\$0.0232/kWh	\$0.02538/kWh
Demand Rate First 15 kW	No Charge	No Charge
Demand Rate Greater Than 15 kW	\$4.22/kW	\$4.69/kW
Universal Service Program Rate	Refer to the "USP" Rider	Refer to the "USP" Rider
Franchise Tax	\$0.000620/kWh	\$0.000620/kWh
Environmental Surcharge	\$0.000150/kWh	\$0.000150/kWh

Energy Charges:

Energy Rate, all kWh	Refer to the "ER" Rider
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Issued: July 1, 2017

Signed: Hugh E. Grunden

Effective: July 1, 2017

Title: President & CEO

SERVICE CLASSIFICATION "GS-P"

GENERAL SERVICE - PRIMARY

A. Availability

Available for three-phase service at standard Company voltage at or below 25,000 volts. The standard voltage available depends upon the location, character and size of Customer's load.

B. Contract Term

Contracts, when required, are for an initial period of one (1) year with automatic month-to-month extensions until terminated. A contract for an initial period of more than one (1) year may be required if special investment by Easton Utilities is necessary or demands greater than one thousand kilowatts (1,000 kW).

C. Monthly Rate

The Monthly Charges and Rates under this Service Classification are shown on Tariff Sheet 56.

D. Measured Demand

The measured demand shall be the greatest demand established by the Customer during any thirty (30) minute period of the month as measured by a demand meter, taken to the nearest whole kilowatt.

E. Billing Demand

The highest kilowatt demand determined either by a thirty (30) minute integrated demand meter or a thirty (30) minute lagged thermal demand meter, occurring during the month, taken to the nearest whole kilowatt, shall be the billing demand for that month, except that the billing demand shall not be less than 75% of the highest billing demand determined during the preceding eleven (11) months.

F. Minimum Charge

The minimum monthly charge shall be the Customer Charge.

G. Public Service Company Franchise Tax

In addition to the charges provided for this Service Classification, The Public Service Company Franchise Tax shall apply to all sales rendered hereunder before the

Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "GS-P"

GENERAL SERVICE – PRIMARY(continued)

application of the Maryland Sales Tax. Unless the Customer is exempt from such tax.

H. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern the provision of service under this Service Classification.

I. Metering

The Company shall normally furnish, install, maintain and own one (1) set of metering equipment for measurement under this Service Classification.

J. Power Factor

The customer agrees to maintain unity power factor as nearly as practicable. The Company reserves the right to measure the power factor. Should such measurements indicate that the average power factor is less than 90 percent, demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 90 percent and divided by the percent power factor.

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Effective: July 1, 2017

Signed: Hugh E. Grunden

Title: President & CEO

MONTHLY CHARGES AND RATES

SERVICE CLASSIFICATION - GENERAL SERVICE-PRIMARY SERVICE "GS-P"

Distribution Charges:

	Bills Rendered between 7/1/2017 and before 1/1/2018	Bills Rendered on and after 1/1/2018
Customer Charge	\$84.67/Month	\$94.33/Month
Distribution Rate:		
First 10,000 kWh Rate	\$0.0376/kWh	\$0.04518/kWh
Excess kWh Rate	\$0.0214/kWh	\$0.02374/kWh
Demand Rate First 15 kW	No Charge	No Charge
Demand Rate Greater Than 15 kW	\$3.95/kW	\$4.40
	Refer to the "USP" Rider	Refer to the "USP" Rider
Universal Service Program Rate		
Franchise Tax	\$0.000620/kWh	\$0.000620/kWh
Environmental Surcharge	\$0.000150/kWh	\$0.000150/kWh

Energy Charges:

Energy Rate, all kWh	Refer to the "ER" Rider
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Signed: Hugh E. Grunden

Effective: July 1, 2017

Title: President & CEO

SERVICE CLASSIFICATION "SL"

STREET AND HIGHWAY LIGHTING SERVICE

A. Availability

Available only for the lighting of public streets, public alleys, public highways and other public outdoor areas located within the service territory, where service is supplied from the existing distribution system and where the Company owns and maintains all equipment. Service will be supplied from dusk to dawn each night.

Existing fixtures will not be replaced at the end of their useful life if replacements cannot be secured through normal supply channels. The Company will be the sole judge as to the end of the useful life.

B. Monthly Rate

The Monthly Charges and Rates under this Service Classification are shown on Tariff Sheet 58.

For the purpose of this schedule, the monthly kilowatt hour consumption will be determined by multiplying the kilowatt rating of the fixture by 350 hours.

C. General

The Company will supply service for underground installations, provided the Customer agrees to excavate, fill and resurface streets or replace curbing necessary for the installation and maintenance of the underground cable.

When metal poles are used for street lighting the Customer will supply all labor and material for the installation of the concrete base according to the Company's specifications. No work shall be done on Customer's equipment or connected to the Company's distribution system without the Company's approval.

Issued: July 1, 2017

Signed: Hugh E. Grunden

Effective: July 1, 2017

Title: President & CEO

MONTHLY CHARGES AND RATES

SERVICE CLASSIFICATION - STREET AND HIGHWAY LIGHTING LIGHTING-"SL"

Distribution Charges:

	Bills Rendered between 7/1/2017 and before 1/1/2018	Bills Rendered on and after 1/1/2018
Customer Charge	\$0.00/Month	\$0.00/Month
Distribution Rate:		
All kWh	\$0.0391/kWh	\$0.0459/kWh
Universal Service Program Rate	Refer to the "USP" Rider	Refer to the "USP" Rider
Franchise Tax	\$0.000620/kWh	\$0.000620/kWh
Environmental Surcharge	\$0.000150/kWh	\$0.000150/kWh

Energy Charges:

Energy Rate, all kWh	Refer to the "ER" Rider
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Issued: July 1, 2017	Signed: Hugh E. Grunden
Effective: July 1, 2017	Title: President & CEO

SERVICE CLASSIFICATION "BSWEGS"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE

A. Availability

This Service Classification is available to any eligible Customer that owns and operates, or leases and operates a customer-generator that:

- 1) uses as its primary source of fuel: biomass, micro combined heat and power (MCHP), solar, qualifying closed conduit hydroelectric, fuel cell or wind consistent with Public Utilities Article §7-306, Annotated COMAR;
- 2) has a capacity of not more than 2 MW except for a MCHP customer-generator which must have a capacity of not more than 30 kW;
- 3) is located on the Customer's premises or contiguous property;
- 4) is interconnected and operated in parallel with an electric company's transmission or distribution facilities; and
- 5) is intended primarily to offset all or part of the Customer's own electricity requirements.

Consistent with COMAR 20.50.10.01 D.(1)(6), a Customer's proposed customer-generator system may not exceed two-hundred (200) percent of the Customer's Baseline Annual Usage. The Customer's Baseline Annual Usage is the total of the Customer's previous twelve months of electricity use in kilowatt-hours at the time of the installation or upgrade of the Customer's generating system. If the Customer does not have twelve months of electric energy use in kilowatt-hours at the time of the installation of the Customer's generating system, then the Baseline Annual Usage may be estimated based on a mutually agreeable methodology subject to approval by the Maryland Public Service Commission.

This Service Classification is available on a first-come, first-served basis as long as the total rated electric generating capacity of eligible customer-generators in the State of Maryland does not exceed 1,500 MW.

B. Connection to the Company's System

If the eligible customer-generator is designed to produce over 100% of the Customer's Baseline Annual Usage as described in Section A. Availability above and has a capacity of more than 1 MW, the Customer, at their expense, must enter the generator queue to be studied by PJM, , and receive written approval before interconnecting with the Company's electrical distribution or transmission system.

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Signed: Hugh E. Grunden

Title: President & CEO

SERVICE CLASSIFICATION "BSWEGS"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE (continued)

Any Customer who elects this Service Classification must submit a completed Interconnection/Participation Application with the Company, in writing, at least thirty (30) days prior to activating the eligible customer-generator. The eligible customer-generator shall not be connected to the Company's system unless it conforms to the National Electrical Code, the Institute of Electrical and Electronic Engineers, Underwriters Laboratories and all applicable codes of the local public authorities. The Customer must obtain, at their expense, all necessary inspections and approvals required by the local public authorities before the eligible customer-generator is connected to the Company's electric system. The eligible customer-generator shall have adequate protection as described in Section H below.

C. Delivery Voltage

The delivery voltage of the eligible customer-generator shall be at the same voltage level and at the same delivery point as if the Customer were purchasing all of their electricity from the Company.

D. Contract Term

The contract term shall be same as that under the Customer's applicable Service Classification. A completed Interconnection Application, completed by the Customer and approved in writing by the utility, is required for service provided under this Service Classification.

E. Monthly Rates, Rate Components and Billing Unit Provisions

The monthly rates, rate components and billing unit provisions shall be those as stated under the Customer's applicable Service Classification. Under this Service Classification, only the per kilowatt-hour charge components of the Customer's bill are affected. All other billing components, rates and charges, are not affected by this Service Classification.

The monthly charges shall be based on one the following conditions:

1. When the monthly energy meter reading registers that the Customer has consumed more energy than the Customer delivered to the Company's delivery system by the end of the monthly billing period, the Customer shall be charged for the electricity consumed based on the rates and charges under the Customer's applicable Service Classification.

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SERVICE CLASSIFICATION "BSWEGS"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE (continued)

2. When the Customer has delivered more energy to the Company's delivery system than the Customer has consumed by the end of the monthly billing period ("Excess Generation"), the Company shall take ownership of such Excess Generation and the Customer shall be charged the greater of:
 - a. The Customer Charge, and any applicable charges such as: Demand Charge, Power Factor Charge and Universal Service Charge under the Customer's applicable Service Classification, or
 - b. The monthly Minimum Charge under the Customer's applicable Service Classification.
3. The Company will carry forward negative kilowatt-hours until the Customer's consumption of electricity from the Company eliminates the Excess Generation or until the end of the billing cycle that is completed immediately prior to the end of April of each year. The dollar value of Excess Generation shall be equal to the average Energy Charge that the Customer would have been charged averaged over the previous twelve-month period ending with the billing cycle that is complete immediately prior to the end of April multiplied by the number of kilowatt-hours of Excess Generation.
4. On or before thirty (30) days after the billing cycle that is complete immediately prior to the end of April of each year, the Company shall pay each Customer for the dollar value of any accrued net Excess Generation remaining at the end of the previous twelve-month period ending with the billing cycle that is complete immediately prior to the end of April of that year.
5. Within thirty (30) days after the date the Customer closes the Customer's account, the Company shall pay the Customer for the dollar value of any accrued Excess Generation remaining at the time the Customer closes the account.

F. Renewable Energy Credits

The Renewable Energy Credits generated by the customer-generator are owned entirely by the Customer or the eligible Customer's assignee. However, if the Customer chooses to sell solar Renewable Energy Credits, the Customer must first offer them for sale to an electric company or an electricity supplier that shall apply them toward compliance with the Maryland Renewable Energy Portfolio Standard.

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SERVICE CLASSIFICATION "BSWEGS"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE (continued)

G. Metering

The Company shall furnish, install, maintain and own all the metering equipment needed for measurement of the service supplied. Under this Service Classification, the Company shall provide, at no direct charge, a watt-hour energy meter with the capability of reverse registration in order to measure the net watt-hours consumed by the Customer or the net watt-hours delivered by the Customer to the Company for the total billing period. The Company's metering investment shall be limited to that required to serve the Customer under the Customer's applicable Service Classification without the eligible customer-generator. Where a larger capacity meter is required to serve the Customer that has an eligible customer-generator, or a larger capacity meter is requested by the Customer, the Customer shall pay the Company the difference between the larger capacity meter investment and the metering investment normally provided under the Customer's Service Classification.

H. Interconnection with the Company's System

Interconnection with the Company's system requires the installation of protective equipment which; provides safety for personnel; affords adequate protection against damage to the Company's system or to its customer's property; and prevents any interference with the Company's supply of service to other Customers. The Company shall not be liable for any loss, cost, damage or expense to any party resulting from the use or presence of electric current or potential which originates from the Customer's eligible customer-generator, except as the Company would otherwise be liable under the Company's electric tariff. Such protective equipment shall be installed, owned and maintained by the Customer at their expense. In addition, it may be necessary for the Company to extend or modify portions of its systems to accommodate the delivery of electricity from the eligible customer-generator. Should such extension or modification be necessary, all work shall be performed by the Company at the Customer's expense. For new services, such expense shall be determined by the difference between total costs and the investment the Company would make to install a normal service without the Customer's eligible customer-generator.

The eligible customer-generator shall conform to the National Electrical Code and all applicable codes of the local public authorities. Special attention should be given to the National Electrical Code Sections 690 and 705.

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SERVICE CLASSIFICATION "BSWEGS"

BIOMASS, SOLAR AND WIND ELECTRIC GENERATION SERVICE (continued)

I. Cessation of Parallel Operation

The Customer's equipment must be installed and configured so that parallel operation must cease immediately and automatically during system outages or loss of the Company's primary source. The Customer must also cease parallel operation upon notification by the Company of a system emergency, abnormal condition, or in cases where such operation is determined to be unsafe, interferes with the supply of service to other Customers, or interferes with the Company's system maintenance or operation. The Company accepts no responsibility whatsoever for damage or injury to any person or property caused by failure of the Customer to operate in compliance with Company's requirements.

J. Failure to Comply

If the Customer fails to comply with any of the requirements set forth in sections H and I above, the Company will disconnect the Customer's service from the Company's electric system until the requirements are met, or the eligible customer-generator is disconnected from the Customer's electric system.

K. Rules and Regulations

Except as herein modified, the Rules and Regulations set forth in this Tariff shall govern the provision of service under this Service Classification and under the Customer's applicable Service Classification.

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Title: President & CEO

RIDER - "USP"

PART XXIX - ELECTRIC UNIVERSAL SERVICE PROGRAM RECOVERY RIDER

- A. This rider is applicable to Service Classifications "R", "GS-S", "GS-L" and "GS-P".
The surcharge is as follows:

Service Classification
"R"

Surcharge
\$0.36 per Month per Residential Customer

"GS-S", "GS-L", "GS-P", "SL"

The monthly USP charge per customer is stated below* and is determined based on the Customer's Electric annual billing amount during the previous calendar year, updated in the first quarter of each new year, and in accordance with the Commission's order.

*Monthly Universal Service Program Charge for General Service Customers

Tier 1	Customer's Electric Annual Billing Amount During the previous Calendar Year.	Monthly Universal Service Program Charge
1	UNDER \$250	\$0.36
2	\$250 - \$4,999	\$2.66
3	\$5,000 - \$9,999	\$8.85
4	\$10,000 - \$24,999	\$17.71
5	\$25,000 - \$49,999	\$35.41
6	\$50,000 - \$99,999	\$53.12
7	\$100,000 - \$199,999	\$70.83
8	\$200,000 - \$299,999	\$132.80
9	\$300,000 - \$399,999	\$177.07
10	\$400,000 - \$499,999	\$265.59
11	\$500,000 - \$699,999	\$398.40
12	\$700,000 - \$899,999	\$531.20
13	\$900,000 - \$999,999	\$796.79
14	\$1,000,000 - \$1,999,999	\$1,062.38
15	\$2,000,000 - \$2,999,999	\$1,416.51
16	\$3,000,000 - \$3,999,999	\$1,770.65
17	\$4,000,000 - \$4,999,999	\$2,124.78
18	\$5,000,000 - \$5,999,999	\$2,478.91
19	\$6,000,000 - \$6,999,999	\$2,833.03
20	\$7,000,000 - \$7,999,999	\$3,098.63
21	\$8,000,000 - \$8,999,999	\$3,364.23
22	\$9,000,000 - \$9,999,999	\$3,541.29
23	\$10,000,000 - \$12,500,000	\$3,718.36
24	OVER - \$12,500,000	\$3,983.95

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Title: President & CEO

RIDER - "ER"

ENERGY RATE RIDER

A. Applicability

This rider is applicable to all Service Classifications.

B. Monthly Rate

The monthly billing rate shall be computed as an amount equal to the cost of energy for the three months preceding the billing month, divided by all kilowatt hours sold during the same period. The cost of energy shall include all costs of purchasing and generating energy, reduced by the amount of revenues received from generation energy sales.

C. Actual Cost Adjustment

Any difference between the sum of the monthly rate revenues collected in a billing month and the actual cost of power in the same month is accumulated for the twelve (12) months ending November 30. The balance so determined shall be applied as a credit or debit to the monthly rate beginning with the succeeding January.

The Actual Cost Adjustment per kilowatt hour is determined by dividing the twelve (12) month balance by the estimated sales for the twelve (12) months over which the adjustment will apply.

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RIDER – “RGGI Rate Credit”

Regional Greenhouse Gas Initiative Credit

A. Applicability

This rider is applicable to Residential - “R” Service Classification

B. Rate

The State of Maryland has joined a multi-state Regional Greenhouse Gas Initiative to reduce greenhouse gases produced as a result of electric power generation. As part of the program, money has been collected in the Maryland Strategic Energy Fund and a portion of those proceeds will be used to offset electricity rates of residential customers including an offset of surcharges imposed on ratepayers.

If issued to the Company, Customers will receive a credit as calculated and approved by the Maryland Public Service Commission.

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