SERVICE REGULATION NO. 12

CURTAILMENT PLAN

12.1 What is a Curtailment

A curtailment is the reduction or temporary suspension of gas deliveries to firm customers due to a shortage of supply, because demand for service exceeds a pipeline's capacity, or system integrity or operational considerations that require a temporary interruption in service. Curtailments may be due to weather conditions, gas supply, or other operational considerations that may not be the same day-to-day or season-to-season. Liberty Utilities utilizes a tiered approach to interruptions and curtailments based upon a prioritization of customer interests, with Residential customers having the highest service priority and the last tier to be curtailed. Generally, curtailment of firm customers will occur only after all interruptible customers have been interrupted.

12.2 Curtailment Process

When curtailments become necessary, the public interest requires the curtailment of natural gas service to firm customers be controlled in a manner that will be equitable to all customers, provide the greatest benefit for the greatest number of people, and consistent with the way in which gas service is supplied to the utility by its gas suppliers. Accordingly, to the extent reasonably possible, the Company shall limit or deny service to its firm customers in a uniform manner.

Curtailment of natural gas service shall generally occur utilizing the tiered categories set forth below, which are based upon prioritization of customer service needs. Curtailment shall be implemented following the customer priority system and the tiers listed below. One hundred percent (100%) of the assigned curtailment is to be directed and achieved in each tier before proceeding to the next tier, if reasonably practicable. Curtailment shall be terminated in the reverse order as natural gas supplies or pipeline capacity permit, restoring service to higher priority customers before lower priority customers are restored.

The Company may, due to localized restrictions in natural gas supply or other location specific system issues or force majeure events on the Company's distribution system or on interstate pipelines, curtail only specific locations on the Company's distribution system if limited curtailment is sufficient to control natural gas usage within acceptable limits. The order of the Curtailment Priority Tiers listed below need not be followed in this localized area, and the Company may limit or deny service in a manner that maintains service to the largest number of customers. Notwithstanding the foregoing, the Company may at any time also curtail individual customers or parts of its system as may be otherwise required by system integrity or operational circumstances.

The Company reserves the right to physically control a customer's natural gas supply if the customer does not comply with an order to curtail usage.

Customers may be responsible for an additional charge for unauthorized use upon failure to curtail natural gas consumption requirements when notified by the Company.

12.3 Curtailment Tiers

Tier 1 – Customer Priority 7. Optional gas customers (Rate Schedule 850).

Tier 2 – Customer Priority 6. Transportation customer (Rate Schedules 830T, 860, and 870).

Tier 3 – Customer Priority 5. Large commercial and industrial customers. (Rate Schedules 830, 840, and 860F)

Tier 4 – Customer Priority 4. Small commercial and industrial customers.

Tier 5 – Customer Priority 3. Requirements for essential feedstock uses, other than when production operations are shut down, except where the use of a fuel other than natural gas is reasonably available.

Tier 6 – Customer Priority 2. Requirements for in session schools, sanitation facilities, police protection and fire protection, except where the use of a fuel other than natural gas is reasonably available.

Tier 7 – Customer Priority 1. Residential requirements for any purpose, hospitals, assisted living facilities, nursing homes, skilled nursing homes.

12.4 Curtailment Procedure

In the event of a curtailment, the Company will attempt to notify the impacted customers in a reasonable time frame. The Company will attempt to contact the customer through two separate means of communication: email and telephone. The communications will be directed to the most recent contact person listed on the account. The customer is responsible for compliance within a thirty (30) minute timeframe from the receipt of the curtailment notification unless the Company specifies a longer timeframe for compliance. In the event a customer does not comply with the curtailment request, the Company reserves the right to physically control a customer's natural gas supply.