

Base Contract for Retail Sale and Purchase of Natural Gas or Electricity

This Base Contract is entered into as of the following date: April 24, 2017, and such additional terms and conditions as agreed to by Supplier and Customer and set forth in an Addendum hereto. The parties to this Base Contract are:

Supplier: WGL Energy Services, Inc. and
D-U-N-S® Number: 962034856
Contract Number: _____
U.S. Federal Tax ID Number: 52-1542887

Customer: State of Delaware
D-U-N-S® Number: 042258020
Contract Number: _____

U.S. Federal Tax ID Number: 51-6000279

Notices:

WGL Energy Services, Inc. 400 East Pratt St. Suite 710 Baltimore, MD 21202
Attn: Karen Pinder-McDuffie
Phone: 410.209.2444 Fax: 410.209.2462

540 South DuPont Highway, Suite 1, Dover, DE 19901
Attn: Michael J. Svaby
Phone: (302) 739-5644 Fax: (302) 739-6148

Confirmations:

WGL Energy Services, Inc. 400 East Pratt St. Suite 710 Baltimore, MD 21202
Attn: Karen Pinder-McDuffie
Phone: 410.209.2444 Fax: 410.209.2462

540 South DuPont Highway, Suite 1, Dover, DE 19901
Attn: Megan Stanley
Phone: (302) 739-5644 Fax: (302) 739-6148

Invoices and Payments:

Attn: _____
Phone: _____ Fax: _____

As Noted on Each Transaction Confirmation

Attn: _____
Phone: _____ Fax: _____

Wire Transfer or ACH Numbers (if applicable):

BANK: _____
ABA: _____
ACCT: _____
Other Details: _____

BANK: _____
ABA: _____
ACCT: _____
Other Details: _____

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Retail Sale and Purchase of Natural Gas or Electricity published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

Section 1.2 Transaction Procedure	<input checked="" type="checkbox"/> Written (default) <input type="checkbox"/> Oral	Section 7.3 Other agreement set-offs	<input checked="" type="checkbox"/> Other agreement setoffs apply (default) <input type="checkbox"/> Other agreement setoffs do not apply
Section 2.6 Confirm Deadline	<input checked="" type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> _____ Business Days after receipt	Section 9 Taxes	<input checked="" type="checkbox"/> Customer Pays At and After Delivery Point (default) <input type="checkbox"/> Supplier Pays Before and At Delivery Point
Section 2.7 Confirming Party	<input checked="" type="checkbox"/> Supplier (default) <input type="checkbox"/> Customer <input type="checkbox"/> _____	Section 12.2 Confidentiality	<input type="checkbox"/> Confidentiality applies (default) <input checked="" type="checkbox"/> Confidentiality does not apply
Section 3.2 Performance Obligation Spot Price Publication	<input checked="" type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard <i>Note: The following Spot Price Publication applies to both of the immediately preceding.</i> _____	Section 12.4 Alternate Dispute Resolution	<input type="checkbox"/> Alternate Dispute Resolution <input checked="" type="checkbox"/> No Alternate Dispute Resolution (default)
Section 7.1 Early Termination Damages	<input checked="" type="checkbox"/> Early Termination Damages Apply (default) <input type="checkbox"/> Early Termination Damages Do Not Apply	Section 12.6 Choice of Law	<u>Delaware</u>
<input checked="" type="checkbox"/> Special Provisions Number of sheets attached: <u>2</u> <input checked="" type="checkbox"/> Addendum(a): <u>Memorandum of Agreement, List of Aggregation Partners & State Agencies</u>			

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate

WGL Energy Services, Inc.

Supplier Name

Signature on File

By

Name: Christopher J. Zedler Jr.

Title: Vice President

State of Delaware

Customer Name

Signature on File

By

Name: Michael J. Svaby

Title: Director, RPA

GENERAL TERMS AND CONDITIONS

SECTION 1. PURPOSE AND PROCEDURES

- 1.1 These General Terms and Conditions are intended to facilitate retail purchase and sale transactions of either Gas or Electricity that will result in physical delivery thereof. The entire agreement between the parties shall be the Contract as defined in Section 2.8.

The parties have selected either the "Written Transaction Procedure" or the "Oral Transaction Procedure" as indicated on the Base Contract.

Written Transaction Procedure:

- 1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, UET or mutually agreeable electronic means, to the other party by the close of the second Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of non-conflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

Oral Transaction Procedure:

- 1.2. The parties will use the following Transaction Confirmation procedure. Any purchase and sale transaction may be effectuated in a UET transmission or telephone conversation. The parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, UET or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure). Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, Delivery Point, period of delivery and/or transportation/transmission conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

- 1.3 If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, UET or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.
- 1.4 The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meanings ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

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- 2.1 **"Account"** means, for each Facility, each account at such Facility to be included in a Transaction Confirmation and identified by a specific account designation number.
- 2.2 **"Addendum"** means each supplement to this Contract mutually agreed in writing by the parties.
- 2.3 **"Affiliate"** means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of at least 50 percent of the voting power of the entity or person.
- 2.4 **"Base Contract"** means a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required on the Base Contract and includes Special Provisions and Addendum(s), if any, as identified on the Base Contract..
- 2.5 **"Business Day"** is as defined in the Governing Documents.
- 2.6 **"Confirm Deadline"** means 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.
- 2.7 **"Confirming Party"** means the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.
- 2.8 **"Contract"** means the legally-binding relationship established by the Base Contract and (i) any and all binding Transaction Confirmations or (ii) the Oral Transaction Procedure in Section 1.2 of the Base Contract, all of which shall form a single integrated agreement between the parties.
- 2.9 **"Contract Quantity"** means the quantity of Gas or Electricity estimated to be delivered and taken as agreed to by the parties in a transaction.
- 2.10 **"Coordination Services"** means services that permit the interface and coordination between Electricity generation or Gas Suppliers and Distribution Companies in connection with the delivery of Electricity or Gas to serve Customers located within the Distribution Company's service or control area, including certain scheduling-related functions and reconciliation.
- 2.11 **"Cover Standard"**, as referred to in Section 3.2, means that if there is an unexcused failure to take or deliver any of the Contract Quantity pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Customer is the performing party, obtain Gas or Electricity, (or an alternate energy source if elected by Customer and replacement Gas or Electricity is not available) or (ii) if Supplier is the performing party, sell Gas or Electricity, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Customer's Gas or Electricity consumption needs or Supplier's Gas or Electricity sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.
- 2.12 **"Credit Support Obligation(s)"** shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as cash, an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, guaranty, or other good and sufficient security of a continuing nature.
- 2.13 **"Customer"** means any entity that takes gas and/or electric service for its own consumption.
- 2.14 **"Day"** means a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Distribution Company or Distribution Company in a particular transaction.
- 2.15 **"Delivery Period"** shall be the period from the service start month/year to the service end month/year during which deliveries are to be made as agreed to by the parties in a Transaction Confirmation, consistent with Section 4.2.
- 2.16 **"Delivery Point(s)"** shall mean such point(s) as are agreed to by the parties in a Transaction Confirmation.
- 2.17 **"Distribution Company"** means a regulated entity which provides distribution services and may provide energy and/or transmission/transportation services in a given area.
- 2.18 **"Distribution Company Charges"** means all appropriate regulated Distribution Company costs, charges, and fees for Coordination Services, as defined by the applicable Distribution Company's Tariff, billed by the Distribution Company to the Account(s).

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- 2.19 **"Distribution Company Operational Manuals"** means documents prepared and published by Distribution Companies that describe, in detail, the operating processes/procedures used to perform retail access functions.
- 2.20 **"Distribution Company Tariff"** means the applicable state retail Gas or Electricity tariff setting forth the basic requirements for interactions and coordination between Distribution Companies and retail Suppliers necessary for ensuring the delivery of competitive Gas or Electricity from such Suppliers to their retail Customers.
- 2.21 **"Electricity"** means electric energy and the related products and services that are identified in Transaction Confirmations.
- 2.22 **"Event of Default"** shall be a material breach of this Contract and as otherwise defined in Special Provisions to this Contract.
- 2.23 **"Facility(ies)"** means Customer's physical properties or other business assets, including for example stores, restaurants, offices or other places of business, that will be the consumers of Gas or Electricity as specified in Transaction Confirmations under this Contract.
- 2.24 **"Firm"** means that either party may interrupt its performance without liability only to the extent that such performance is prevented by Force Majeure (as defined in Section 8) or any type of curtailment ordered by the Distribution Company or ISO.
- 2.25 **"Floating Price"** means the price or a factor of the price agreed to in the transaction as being based upon a specified index. For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one, and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged.
- 2.26 **"Gas"** means any combination of hydrocarbons and noncombustible gases in a gaseous state, primarily consisting of methane, and the related products and services that are identified in Transaction Confirmations.
- 2.27 **"Governing Documents"** means documents that determine the interactions among parties, including but not limited to: regulatory documents (e.g., tariffs, rules, regulations), contractual agreements, and Distribution Company Operational Manuals.
- 2.28 **"Governmental Authority"** means any federal, state, local, municipal or other government, any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise jurisdiction over the parties or any transaction contemplated herein.
- 2.29 **"Imbalance Charges"** means any fees, penalties, costs or charges (in cash or in kind) assessed by the Distribution Company or the ISO for failure to satisfy balancing or nominations requirements at any Delivery Point.
- 2.30 **"Interruptible"** means that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure (as defined in Section 8), with no liability.
- 2.31 **"ISO"** means any independent system operator, regional transmission operator, "transco," power pool or grid or control area operator established and providing services to the Accounts or other similar entity providing the same basic services as such entities and any successor thereto.
- 2.32 **"Kilowatt"** means 1000 watts of Electricity.
- 2.33 **"kWh" (kilowatt-hour)** means 1000 watt-hours of Electricity.
- 2.34 **"Market Disruption Event"** means, with respect to an index specified for a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) both parties agree that a material change in the formula for or the method of determining the Floating Price has occurred.
- 2.35 **"MMBtu"** means one million British thermal units, which is equivalent to one dekatherm.
- 2.36 **"Month"** means the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.
- 2.37 **"Off-Peak Hours"** means those hours or other periods defined by contract or other agreements or guides as periods of lower electrical demand.

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- 2.38 **"On-Peak Hours"** means those hours or other periods defined by contract or other agreements or guides as periods of higher electrical demand.
- 2.39 **"Receiving Distribution Company"** means the Distribution Company receiving Gas or Electricity at a Delivery Point, or absent such receiving Distribution Company, the Distribution Company delivering Gas or Electricity at a Delivery Point.
- 2.40 **"Spot Price"**, as referred to in Section 3.2, means the price agreed upon by the parties in the Base Contract or in a Transaction Confirmation.
- 2.41 **"Supplier"** means persons engaged in the competitive sale of energy to end-users.
- 2.42 **"Transaction Confirmation"** means a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.
- 2.43 **"UET"** (Uniform Electronic Transaction) means standard data arrangements for trading information, making business requests and exchanging other information, encompassing a number of electronic media and utilizing specified transport protocols.

Principles of Interpretation. Unless the context requires otherwise, any reference herein to any document means such document and all schedules, exhibits, and attachments thereto as amended and in effect from time to time. Unless otherwise stated, any reference herein to any person shall include its permitted successors and assigns and, in the case of any Governmental Authority, any person succeeding to its functions and capacities. The words "hereof," "herein" and "hereunder" and words of similar import when used herein shall, unless otherwise expressly specified, refer hereto as a whole and not to any particular provision hereof. The singular shall include the plural and the masculine shall include the feminine and neuter. Whenever the term "including" is used herein in connection with a listing of items included within a prior reference, such listing shall be interpreted to be illustrative only, and shall not be interpreted as a limitation on or exclusive listing of the items included within the prior reference.

SECTION 3. PERFORMANCE OBLIGATION

- 3.1 In each Month, Supplier agrees to sell and deliver or cause to be delivered, and Customer agrees to take delivery of and purchase, the quantity for a particular transaction for the Facility(ies) as specified in each Transaction Confirmation in accordance with the terms of this Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed by the parties in a Transaction Confirmation.
- 3.2 To the extent the Contract Quantity is not supplied by Supplier or delivery not taken by Customer, the non-performing party shall satisfy the terms of this Contract financially in accordance with the following options. Customer shall continue to receive and pay for Distribution Company delivery service.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.

Cover Standard:

The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas or Electricity shall be recovery of the following: (i) in the event of a breach by Supplier on any Day(s), payment by Supplier to Customer in an amount equal to the positive difference, if any, between the purchase price paid by Customer utilizing the Cover Standard and the Contract Price, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Supplier for such Day(s) excluding any quantity for which no replacement is available; or (ii) in the event of a breach by Customer on any Day(s), payment by Customer to Supplier in the amount equal to the positive difference, if any, between the Contract Price and the price received by Supplier utilizing the Cover Standard for the resale of such Gas or Electricity, adjusted for commercially reasonable differences in transmission or transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Customer for such Day(s) excluding any quantity for which no sale is available; and (iii) in the event that Customer has used commercially reasonable efforts to replace the Gas or Electricity or Supplier has used commercially reasonable efforts to sell the Gas or Electricity to a third party, and no such replacement or sale is available for all or any portion of the Contract Quantity, then in addition to (i) or (ii) above, as applicable, the sole and exclusive remedy of the performing party with respect to the Gas or Electricity not replaced or sold shall be an amount equal to any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transmission or transportation to the applicable Delivery Point, multiplied by the quantity of such Gas or Electricity not replaced or sold. Imbalance Charges shall not be recovered under this Section, but Supplier and/or Customer shall be

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responsible for Imbalance Charges, if any, as provided in Section 4.4. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

Spot Price Standard:

The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas or Electricity shall be recovery of the following: (i) in the event of a breach by Supplier on any Day(s), payment by Supplier to Customer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Supplier and received by Customer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Customer on any Day(s), payment by Customer to Supplier in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Supplier and received by Customer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section, but Supplier and/or Customer shall be responsible for Imbalance Charges, if any, as provided in Section 4.4. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

SECTION 4. PARTICULARS OF SERVICE

- 4.1 Each transaction shall be effectuated in accordance with the procedures specified in Section 1 of the Base Contract. The terms of a transaction shall be as agreed to by the parties in a Transaction Confirmation and include the type of services to be supplied and the basis for those services, whether Firm or Interruptible. Each Transaction Confirmation shall also include (i) Identification of Customer Accounts, Facilities and meters, (ii) term, (iii) Contract Price and related provisions, and (iv) other special terms and conditions, if any.
- 4.2 The parties agree that the Distribution Company determines when the Customer will be switched to Supplier for its Gas or Electricity supply, and that such switch will occur in accordance with the Distribution Company's rules and practices regarding the switching of Customers to Suppliers. Therefore, Supplier shall begin delivery of Gas or Electricity to Customer on the date the Distribution Company switches the Customer to Supplier. With respect to each transaction, Supplier will use commercially reasonable efforts to cause each Distribution Company to take whatever steps are necessary to allow Supplier to begin providing service hereunder at the beginning of each transaction.
- 4.3 The parties acknowledge and agree that this Contract contemplates the purchase and sale of Gas or Electricity to meet Customer's consumption attributable to Customer's Accounts specified in the Transaction Confirmation. The parties shall agree to use commercially reasonable efforts to avoid imposition of any Imbalance Charges.
- 4.4 Customer shall promptly notify Supplier of, and fully comply with, all Distribution Company curtailment or interruption orders or similar notices received by Customer from Distribution Company requiring the interruption or curtailment of Customer's Gas or Electricity usage at any Account and pay any and all Imbalance Charges imposed upon or incurred by either party as a result of Customer's failure to so comply.
- 4.5 Subject to Section 8, Supplier will be responsible for all services necessary for the procurement and delivery of Gas or Electricity to the Delivery Point; including transportation; nomination; confirmations; scheduling; transmission and ancillary services; imbalance services, and; arrangement of billing services for all charges and notices related to Customer's usage of Gas or Electricity consistent with options agreed to by the parties in the Base Contract and in the Transaction Confirmation. Customer acknowledges that Supplier is not responsible for delivery by Distribution Company from the Delivery Point to Facilities. In addition, Supplier must satisfy all obligations imposed by the Distribution Company for the Gas or Electricity at and before the Delivery Point.
- 4.6 If Supplier lacks adequate information to perform its duties under this Contract, Supplier shall immediately provide Customer with formal notice of such information that it deems necessary to enable Supplier to perform such duties, and Customer shall supply such reasonably requested information.

SECTION 5. AUDIT

A party shall have the right, at its own expense, upon reasonable notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the

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extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas or Electricity delivery. All retroactive adjustments shall be paid in full by the party owing payment within 30 Days after Notice and substantiation of such inaccuracy.

SECTION 6. WARRANTY AND INDEMNITY

- 6.1 All Gas delivered by Supplier shall meet the pressure, quality and heat content requirements of the Receiving Distribution Company at and before the Delivery Point. All Electricity delivered by Supplier shall meet the applicable quality requirements of the Distribution Company and ISO at and before the Delivery Point.
- 6.2 EXCEPT AS PROVIDED IN HEREIN, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.
- 6.3 Supplier agrees to indemnify Customer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury (including death) or property damage from said Gas or Electricity or other charges thereon that attach at or before Delivery Point. Customer agrees to indemnify Supplier and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury (including death) or property damage from said Gas or Electricity or other charges thereon that attach after Delivery Point.

SECTION 7. DEFAULTS AND REMEDIES

- 7.1 If an Event of Default has occurred and is continuing, the non-defaulting party shall have the right, by Notice to the defaulting party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date, in accordance with the Distribution Company's rules and practices (the "Early Termination Date") for the liquidation and termination of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is legally permissible, and upon termination shall be a Terminated Transaction and damages shall be calculated consistent with Section 7.2 below. With respect to each Excluded Transaction, its termination date shall be deemed to be the Early Termination Date for purposes of Section 7.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

As of the Early Termination Date, the non-defaulting party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party under the Contract (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The non-defaulting party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Customer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Supplier if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section, "Contract Value" means the amount of Gas or Electricity remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas or Electricity remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the non-defaulting party in a commercially reasonable manner. To ascertain the Market Value, the non-defaulting party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas or Electricity futures contracts, quotations from leading dealers in energy swap contracts or physical Gas or Electricity trading markets, similar sales or purchases and any other bona fide third-party offers, all

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adjusted for the length of the term and differences in transmission costs and volume transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the non-defaulting party in a commercially reasonable manner.

Early Termination Damages Do Not Apply:

As of the Early Termination Date, the non-defaulting party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party under the Contract for all Gas or Electricity delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges related to such delivery and receipt (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

- 7.2 The parties agree that each transaction hereunder constitutes a "forward contract" within the meaning of the United States Bankruptcy Code and that Customer and Supplier are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

Other Agreement Setoffs Apply:

- 7.3 The non-defaulting party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 7.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the defaulting party, the non-defaulting party is hereby authorized to setoff any Net Settlement Amount against (i) any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; and (ii) any amount(s) (including any excess cash margin or excess cash collateral) owed or held by the party that is entitled to the Net Settlement Amount under any other agreement or arrangement between the parties.

Other Agreement Setoffs Do Not Apply:

- 7.3 The non-defaulting party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 7.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the defaulting party, the non-defaulting party may setoff any Net Settlement Amount against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract.

- 7.4 If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 7.3 is unascertained, the non-defaulting party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the non-defaulting party accounting to the defaulting party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 7.3 shall be discounted to net present value in a commercially reasonable manner determined by the non-defaulting party.
- 7.5 As soon as practicable after a liquidation, notice shall be given by the non-defaulting party to the defaulting party of the Net Settlement Amount and whether the Net Settlement Amount is due to or due from the non-defaulting party. The notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, provided that failure to give such notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the defaulting party against the non-defaulting party. The Net Settlement Amount, as well as any setoffs applied against such amount pursuant to Section 7.3, shall be paid by the close of business on the second Business Day following such notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the date of payment at a rate equal to the lower of (i) unless otherwise agreed, the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.
- 7.6 With respect to this Section 7, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. FORCE MAJEURE

- 8.1 Except with regard to a party's obligation to make payment(s) due hereunder, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension and that could not have been prevented by the exercise of reasonable diligence, as further defined below.
- 8.2 Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings (such as hurricanes) which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transmission, transportation and/or storage; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections, wars, or acts of terror; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a Governmental Authority. Supplier and Customer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.
- 8.3 Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of Interruptible or secondary Firm transportation or transmission unless primary, in-path, Firm transmission or transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Supplier's ability to sell Gas or Electricity at a higher or more advantageous price than the Contract Price, Customer's ability to purchase Gas or Electricity at a lower or more advantageous price than the Contract Price, or a Governmental Authority disallowing, in whole or in part, the pass through of costs resulting from this Contract; (iv) Customer's inability to use Gas or Electricity purchased hereunder, except, in either case, as provided in Section 8; or (v) the loss or failure of Supplier's Gas or Electricity supply or depletion of reserves, except, in either case, as provided in Section 8. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.
- 8.4 Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.
- 8.5 The party whose performance is prevented by Force Majeure must provide Notice (as defined in Section 11.1) to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas or Electricity, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.
- 8.6 Notwithstanding this Section, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 9. TAXES

The parties have selected either "Customer Pays At and After Delivery Point" or "Supplier Pays Before and At Delivery Point" as indicated on the Base Contract. The parties agree to take all lawful actions to minimize taxes imposed on transactions hereunder.

Customer Pays At and After Delivery Point:

- 9.1 Supplier shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any Government Authority ("Taxes") on or with respect to the Gas or Electricity prior to the Delivery Point(s) and excluding those Taxes that may not be legally passed through. Customer shall pay or cause to be paid all Taxes on or with respect to the Gas or Electricity at and after the Delivery Point(s).

Supplier Pays Before and At Delivery Point:

- 9.1 Supplier shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any Government Authority ("Taxes") on or with respect to the Gas or Electricity prior to and at the Delivery Point(s) and excluding those Taxes that may not be legally passed through. Customer shall pay or cause to be paid all Taxes

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on or with respect to the Gas or Electricity after the Delivery Point(s).

- 9.2 If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Customer shall pay or cause to be paid any increase in applicable Taxes occurring after the commencement of deliveries under transactions between the Parties. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof. Customer shall be liable for Taxes and associated interest or penalties assessed against Supplier due to Customer's failure to provide or to complete any such certificate or other necessary documentation in a timely and proper fashion.

SECTION 10. LIMITATIONS OF REMEDIES, LIABILITY AND DAMAGES

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED UNLESS EXPRESSLY PROVIDED HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. NEITHER PARTY IS LIABLE OR RESPONSIBLE FOR ANY INJURY, LOSS, CLAIM, EXPENSE, LIABILITY OR DAMAGE RESULTING FROM ANY INTERRUPTION, SHORTAGE, INSUFFICIENCY OF OR FAILURE OF THE DISTRIBUTION COMPANY TO DELIVER GAS OR ELECTRICITY SCHEDULED BY SUPPLIER.

SECTION 11. NOTICES

- 11.1 All Transaction Confirmations, Invoices, payment instructions and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.
- 11.2 All Notices required hereunder shall be in writing and may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.
- 11.3 Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful communication. If the Day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.
- 11.4 The party receiving a commercially acceptable Notice of change in payment instructions or other payment information shall not be obligated to implement such change until ten Business Days after receipt of such Notice.

SECTION 12. MISCELLANEOUS

- 12.1 Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.
- 12.2 Unless the parties have elected on the Base Contract not to make this Section applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any

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transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, or (iv) to the extent necessary to comply with a Governmental Authority's reporting requirements including but not limited to Gas or Electricity cost recovery proceedings; or (v) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Notwithstanding Section 10, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

- 12.3 In the event disclosure is required by a Governmental Authority or applicable law, the party subject to such requirement shall use commercially reasonable efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party and subject to such efforts may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party.
- 12.4 The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties.
- 12.5 No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may, without the prior approval of the other party, (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any Affiliate by assignment, merger or otherwise so long as the Affiliate meets any creditworthiness requirements under this Contract. Upon any such assignment, transfer and assumption, the assigning party or transferor, as applicable, shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.
- 12.6 The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.
- 12.7 No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.
- 12.8 The requirements and provisions of this Contract shall not be construed as creating an association, trust, partnership, or joint venture, or as imposing a trust or partnership duty, obligation, or liability on either party, or as creating any relationship between the parties other than that of independent contractors for the sale and purchase of Gas or Electricity.
- 12.9 This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.
- 12.10 If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract, and the parties agree to attempt to implement an equitable adjustment in the provisions of this Contract with a view toward effecting the purposes of this Contract by replacing the provision that is invalid, void or unenforceable with a valid provision the economic effect of which comes as close as possible to that of the provision that has been found to be invalid, void or unenforceable.
- 12.11 The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.
- 12.12 The confidentiality provisions, indemnities, releases from liability, limitations on liability or damages and dispute resolution provisions expressed in this Contract shall, unless otherwise provided herein, survive without limitation the termination, cancellation or expiration of this Contract, and shall apply whether in contract, equity, tort or otherwise.

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- 12.13** Any original executed Base Contract, Transaction Confirmation or other related document may be digitally copied, photocopied, or stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Transaction Confirmation, if introduced as evidence in automated facsimile form, the recording, if introduced as evidence in its original form, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the recording, the Transaction Confirmation, or the Imaged Agreement on the basis that such were not originated or maintained in documentary form. However, nothing herein shall be construed as a waiver of any other objection to the admissibility of such evidence.
- 12.14** If a Market Disruption Event has occurred then the parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the affected Day, and if the parties have not so agreed on or before the second Business Day following the affected Day then the replacement price for the Floating Price shall be determined within the next two following Business Days with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two quotes for prices of Gas or Electricity, as applicable, for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes. If either party fails to provide two quotes then the average of the other party's two quotes shall determine the replacement price for the Floating Price.
- 12.15** This contract may be terminated upon 30 Days written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any Transaction Confirmation(s).

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.

EXHIBIT A
TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

Letterhead/Logo	Date: _____ Transaction Confirmation #: _____
<p>This Transaction Confirmation is subject to the Base Contract between Supplier and Customer dated <u>4/ /2017</u>. The terms of this Transaction Confirmation are binding unless disputed in writing within two Business Days after receipt, unless otherwise specified in the Base Contract or herein.</p>	
SUPPLIER: WGL Energy Services, Inc. <u>400 East Pratt. St.</u> <u>Suite 710</u> <u>Baltimore, MD 21202</u> Attn: <u>Karen Pinder-McDuffie</u> Phone: <u>410-209-2444</u> Fax: <u>410-209-2462</u> Base Contract No.: _____ Distribution Company: _____ Distribution Company Contract Number: _____	CUSTOMER: State of Delaware Attn: <u>Michael J. Svaby</u> Phone: <u>(302) 739-5644</u> Fax: <u>(302) 739-6148</u> Base Contract No.: _____ Distribution Company: <u>Delmarva Power</u> Distribution Company Contract Number: _____
Commodity: Electricity <input type="checkbox"/> Natural Gas <input checked="" type="checkbox"/>	
Contract Price: _____	
Billing and Payment Information: Net 30 days from receipt of invoice.	
Delivery Period: May 1, 2017 through _____	
<small>Performance Obligation and Contract Quantity: 10% Monthly Swing Tolerance. Seller will estimate, schedule, and balance for the Buyer using its pool behind the Delmarva Power city-gate to keep the Buyer within the Swing Tolerance. Buyer must make best efforts to communicate to Seller any anticipated material changes in usage as soon as practical, especially during Operational Flow Orders (OFOs). Therefore, Buyer and Seller will use their best efforts to stay within the Swing Tolerance. If the resulting usage still falls outside the Swing Tolerance as measured cumulatively across all State of Delaware gas accounts being served by Seller, then incremental volumes taken outside the Swing Tolerance will be priced at a market based rate with a cap of the Gas Daily, Daily Midpoint for Transco zone 6, non-N.Y. plus \$0.50/Dth. All volumes under-burned outside the Swing Tolerance will be bought back at Tetco M3 GDM minus \$0.00/Dth. Incremental volumes outside of the Swing Tolerance will be applied to each account on a pro-rata basis with any over/under usage applied to the accounts being furthest out of tolerance.</small>	
Delivery Point: Delmarva Power Natural Gas City Gate	
Facility/Account Information: See Attached List	
Special Conditions: _____	

Supplier: <u>WGL Energy Services, Inc.</u>	Customer: <u>State of Delaware</u>
Signature on File	
By: _____	By: _____
Title: <u>Vice President</u>	Title: _____
Date: <u>4/24/17</u>	Date: _____

SPECIAL CONDITIONS ATTACHMENT TO BASE CONTRACT FOR RETAIL SALE AND PURCHASE OF NATURAL GAS OR ELECTRICITY

This Special Conditions Attachment is subject to the Base Contract for Retail Sale and Purchase of Natural Gas or Electricity ("Base Contract") between **WGL Energy Services, Inc.** (Seller) and **State of Delaware** (Buyer) dated 9/24/17.

The Base Contract shall be modified as follows:

1. The last sentence of Section 6.3 shall be deleted.
2. The last sentence of Section 9.1 shall be deleted.
3. Section 9.2 shall be stricken in its entirety and replaced with the following: "If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof."
4. Section 10 shall be stricken in its entirety and replaced with the following: "FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS."
5. The last sentence of Section 12.2 shall be deleted.
6. Section 12.3 shall be stricken in its entirety and replaced with the following: "In the event disclosure is required by a Governmental Authority or applicable law, the party shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party."
7. A new Section 12.16 shall be added which reads:

12.16 Non-Appropriation

- a. Validity and enforcement of this Agreement is subject to appropriations by the General Assembly of the specific funds necessary for contract performance. Should such funds not be so appropriated Delaware may immediately terminate this Agreement, and absent such action this Agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available, at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

- b. Notwithstanding any other provisions of this Agreement, this Agreement shall terminate and Delaware's obligations under it shall be extinguished at the end of the fiscal year in which Delaware fails to appropriate monies for the ensuing fiscal year sufficient for the payment of all amounts which will then become due.

8. The last sentence under DISCLAIMER on page 12 of 14 shall be deleted.

Seller: **WGL Energy Services, Inc.**

Signature on File

By: [Signature]

Title: Vice President

Print Name: Clinton S Zedliak Jr

Date: 4/24/17

Buyer: ~~State of Delaware~~

Signature on File

By: [Signature]

Title: Director, DFM

Print Name: Michael J. Sudy

Date: 4/25/17