

GENERAL SERVICE PROVISIONS (Continued)

15. RELOCATION OR ALTERATION OF COMPANY-OWNED FACILITIES

- a. Any relocation or alteration of Company-owned facilities to furnish gas service made solely for the convenience and benefit of the Company shall be paid for by the Company.
- b. No relocation or alteration of Company-owned facilities may be made without prior approval of the Company and where relocation or alteration of such facilities is requested of the Company or is necessitated by action of the owner, occupant, or customer, or any predecessor thereof, the cost of such relocation or alteration shall be at the expense of the Customer. The Company may, in its discretion, bear such portion of the costs of such changes in facilities which it considers justified under the circumstances.
- c. In all cases where it is necessary to extend or install house-piping to a new meter location as a result of relocation or alteration of Company-owned facilities pursuant to (b) above, such extension or installation will be the responsibility of, and at the expense of, the Customer.

16. PURCHASED GAS CHARGE

I. PROVISION FOR CHARGE

- A. The Rate for Monthly Consumption for firm sales of gas set forth in rate schedules Nos. 1, 2, and 3 of the Company shall include an amount per therm hereinafter described which is called the Purchased Gas Charge (PGC).
- B. 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:
  1. Natural and substitute natural gas (SNG) and vaporized liquefied natural gas (VLNG);
  2. Liquefied natural gas (LNG);
  3. Liquefied petroleum gas (LPG); and
  4. Other hydrocarbons used as feedstock for production of substitute natural gas (SNG) and spot or emergency purchases.

ISSUED: September 27, 2002

EFFECTIVE: For meter readings on and after September 30, 2002

Adrian P. Chapman - Vice President, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (Continued)

16. PURCHASED GAS CHARGE (Continued)

- C. For purposes of this provision an appropriate assignment of cost of purchased gas applicable to the Company's Maryland sales shall be made consistent with the methods employed in allocating cost of purchased gas in the Company's last general rate proceeding. Specifically, allocation of commodity purchased gas costs to the Maryland jurisdiction shall be made based upon the ratio that Maryland related estimated therm sales to customers bears to the Company's total estimated sales for the billing quarter. Non-commodity purchased gas costs shall be allocated to the Maryland jurisdiction based upon the appropriate Maryland allocation factors from the latest calendar year Actual Jurisdictional Allocation Study filed with the Commission annually pursuant to Commission Order No. 61992 in Case No. 6977 dated November 12, 1976.

II. COMPUTATION

The PGC, calculated to the nearest .01¢ per therm, shall be computed each quarter for firm sales customers in the following manner:

- A. For estimated quantities purchased as specified in I.B.1. above, the sum of the annual billing demands and the sum of the quarterly commodity purchases for firm sales rate schedules will be at the estimated wholesale rates of the Company's suppliers. Such costs shall be adjusted to show the amounts excluded applicable to the Interruptible Delivery Service (Rate Schedule No. 4), for balancing revenues net of gross receipts taxes and cost of gas, calculated as set forth in that rate schedule, net of any margins received and gross receipts taxes, and cost of gas for sales to Mirant Mid-Atlantic, LLC. However, gas purchases for Mirant Mid-Atlantic, LLC which increase the weighted average commodity cost of gas shall be credited at the cost of such purchases adjusted for unaccounted-for gas. Charges by the Company's suppliers (transporters) regarding FERC approved as-billed transition demand and commodity charges shall be those amounts applicable to the PGC billing quarter. Only such commodity costs shall be adjusted to exclude the amounts applicable to interruptible sales and firm and interruptible delivery service. Charges by Hampshire Gas Company under its FERC Rate Schedule S-1 shall be the estimated amounts to be billed the Company for the twelve month period commencing with the first month of the applicable PGC billing quarter (billing year).
- B. The estimated quantities of all other types of gas or hydrocarbons purchased as specified in I.B.2, I.B.3. and I.B.4 above, for firm sales rate schedules during the billing quarter will be priced at the respective prices at which such quantities were charged to expense accounts on the Company's books.
- C. The demand amounts determined in II.A. above, and applicable billing adjustments shall be divided by Maryland projected firm therm sales for the billing year to determine the annualized demand cost per therm.

ISSUED: September 27, 2002

EFFECTIVE: For meter readings on and after September 30, 2002

Adrian P. Chapman - Vice President, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (Continued)

16. PURCHASED GAS CHARGE (Continued)

II. COMPUTATION (Continued)

- D. The sum of commodity amounts determined in II.A. and II.B. above, and applicable billing adjustments, as allocated to Maryland sales as provided in I.C. above, shall be divided by Maryland projected firm therm sales for the billing quarter, excluding any, spot or emergency sales and volumes of customer-owned gas delivered under the Firm Delivery Service or the Interruptible Delivery Service Rate Schedule to determine the quarterly commodity cost per therm.
- E. The PGC shall be credited for Balancing Charges assessed firm delivery service customers for estimated volumes to be delivered during the billing quarter. Such amount shall be divided by Maryland projected firm therm sales for the billing quarter to establish a rate per therm credit.
- F. The sum of the amounts determined in II.C., II.D. and II.E. above will be the current cost per therm of gas purchased for sales under the applicable rate schedules ("Current Cost").
- G. The PGC shall be adjusted to include carrying costs on prepaid gas based on the determination period average balance times a stipulated overall rate of return of 8.09% plus an allowance for income taxes.
- H. The PGC shall be credited subject to the Capacity Allocation Credit, per Commission Order No. 82434 in Case No.8509(cc). The credit will be in effect for a 24-month period from May 2009 through April 2011. Each computed credit shall be adjusted for any taxes levied upon the Company which are based upon revenues by dividing the credit by the complement of the tax rate on such revenues.
- I. Each computed PGC shall be adjusted to provide for the recovery of uncollectible accounts expense through a Gas Administrative Charge (GAC) at the rate of 1.0845% of PGC revenues consisting of the amounts calculated in II.F, G, and H. above, any GSRA amounts from GSP No. 26, and sales service-related amounts approved for transfer from the cost of service.
- J. Each computed PGC shall be adjusted for taxes levied upon the Company which are based upon such revenues by dividing the rates calculated in II.I. above by the complement of the tax rate on such revenues.
- K. Inclusion in the calculation of any costs not set forth in I.B. shall be subject to prior approval by the Commission.

III. APPLICATION

Bills for the current billing month shall include a gas cost amount which is the product of (1) the PGC factor computed in II.I above and the DSM factor pursuant to General Service Provision No. 22, and (2) the total therms used during the current billing month.

ISSUED: November 22, 2011

EFFECTIVE: For service rendered on and after November 14, 2011

Roberta W. Sims - Vice President, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (Continued)

16. PURCHASED GAS CHARGE (Continued)

IV. ACTUAL COST ADJUSTMENT

- A. An annual Actual Cost Adjustment (ACA) shall be computed which shall become effective along with the normal monthly PGC by determining the cost of purchased gas excluding supplier refunds and the net cost of capacity which is being collected through the Gas Supply Realignment Charge from General Service Provision No. 26, but including supplier Gas Inventory Charges (GICs) and carrying costs for prepaid gas applicable to Maryland sales for the Determination Period, which shall be twelve months ended August of each year, and subtracting therefrom an amount equal to:
1. Maryland PGC collections excluding GAC, ACA, supplier refund and PSC Assessment Tax amounts;
  2. A credit for Interruptible Delivery Service balancing revenues net of any applicable taxes. Cost of gas for sales to Mirant Mid-Atlantic, LLC is to be included except that gas purchases for such sales which increase the weighted average commodity cost of gas shall be credited at the cost of such purchases; and
  3. The credit for Balancing Charges recovered from Firm Delivery Service, and including penalty charges collected under Rate Schedule No. 8, Failure to Deliver the ADCQ, net of taxes levied on such revenues.
- B. The cost of purchased gas applicable to Maryland shall be determined consistent with the methods employed in allocating purchased gas costs in the Company's most recent adjudicated rate proceedings.
- C. The amount derived in IVA above shall be divided by the estimated firm therm sales for Maryland for the Application Period twelve months commencing December each year and the resulting unit rate, adjusted for revenue taxes and uncollectible accounts expense, shall be reflected in the Purchased Gas Charge during the application period.
- D. In addition, a further adjustment shall be made for any net ACA over-or-under collection during the ACA application period commenced the preceding December. Such adjustment rounded to the nearest .01¢ per therm shall be determined by comparing the previous period's amount as determined in IV.A. above with the actual ACA amounts and if any difference is found, such amount shall be divided by the estimated Maryland firm therm sales for the twelve months commencing December, to determine the ACA Correction Factor to be effective for the application period commencing March.

ISSUED: October 29, 2004

EFFECTIVE: For meter readings on and after October 28, 2004

Adrian P. Chapman - Vice President, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (Continued)

16. PURCHASED GAS CHARGE (Continued)

V. REFUNDS

- A. When the Company receives refunds from one or more of its suppliers which results from a reduction in suppliers' prices applicable to prior periods and previously reflected in the PGC, the Company shall pass on such refunds to firm Customers as hereinafter described, unless otherwise directed by the Commission.
1. Allocate to the Maryland jurisdiction an appropriate portion of the principal refunds received by Washington Gas as follows:
    - a. Allocate Washington Gas commodity refunds to the Maryland jurisdiction based upon the ratio that Maryland related therm sales to customers bears to the Company's total of such sales for each month of the period to which the refund applies;
    - b. Allocate Washington Gas non-commodity refunds by month to the Maryland jurisdiction based upon allocation factors included in ACA filings with the Commission for the respective refund periods.
    - c. Add the amounts derived in a. and b. to determine the principal refund received applicable to Maryland and divide this amount by the complement of the tax rate on such revenues;
    - d. Apportion any interest received in connection with Washington Gas supplier refunds to the Maryland jurisdiction in the same ratio as their principal bears to the total refund to the Company;
    - e. The sum of the amounts derived in c. and d. above shall be apportioned pro rata on a therm basis over the refund period's applicable monthly therm sales. Should the refund received be for more than twelve months, therm sales for like-months will be combined;

ISSUED: September 27, 2002

EFFECTIVE: For meter readings on and after September 30, 2002

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GENERAL SERVICE PROVISIONS (Continued)

16. PURCHASED GAS CHARGE (Continued)

V. REFUNDS (Continued)

f. After the refund for each month has been determined, add to such amount Company interest computed from the middle of the month in which the refund was received by the Company from the supplier to the middle of the month during which the credit is to be made on customers' bills. The annual rate of interest is to be the same interest rate as that prescribed by the Commission on an annual basis for customer deposits; and

g. The total amount reimbursable to customers by month shall be the sum of e. and f.

B. Refund to firm customers as a credit to each customer's bill, in the corresponding billing quarter to which the refund applied, a quarterly refund factor, calculated to the nearest .01¢ per therm, determined by dividing the total amount of refund for the billing quarter by the estimated firm sales for the same quarter. Any variation between estimated refund and actual refund amounts shall be adjusted in the second billing quarter succeeding the quarter of the refund.

C. The Company shall not be required to refund amounts for which the associated credit factor would be less than .01¢ per therm, but will accumulate all refunds until the aggregate amounts to .01¢ per therm.

D. FILING

1. The Company will file with the Commission a copy of the computation of the PGC, or refund credit and verification of its suppliers' change in prices or refunds at least ten days prior to the effective date of a change in its PGC or commencement date of refund.
2. The Actual Cost Adjustment (ACA) shall be computed and filed with the Commission annually, which shall be subject to Commission approval.
3. The Company shall, for each refund, reconcile the estimated monthly amounts reimbursable with the amounts actually reimbursed monthly. The (over)/under reimbursed amounts shall be reflected in the following month and in the corresponding billing quarter to which the refund applies.

VI. ADJUSTMENT

The Company, with adequate notice to the Commission Staff, may file its Purchased Gas Charge and related billing rates more frequently than the prescribed billing quarters to reflect volatility in the cost of gas purchased for sale to customers.

In addition, the Commission Staff may permit the Company to adjust the PGC, ACA, Refund and FCA factors for the purpose of minimizing the level of any subsequent reconciliation(s) arising in the ACA, Refunds and FCA. The Company shall furnish Staff sufficient data for its evaluations.