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 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

A. PROVISIONS FOR CHARGE

1. The Rate for Monthly Consumption for firm sales of gas set forth in rate schedule Nos. 1, 2 and 3 of the Company shall include an amount per therm hereinafter described which is called the Purchased Gas Charge (PGC).

2. The cost of purchased gas as used in the 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, and costs associated with price cap, price band and fixed price instruments for gas price hedging during the winter heating season that do not cumulatively exceed 75% of the Maximum Daily Take Obligation as determined on a monthly basis each year as follows: [Minimum Daily Firm Load plus Storage Injection Capability] minus [Firm Delivery Service plus Excess Interruptible Delivery Service], and costs associated with price cap, price band and fixed price instruments for gas price hedging through the 2009 summer storage injection season that do not cumulatively exceed planned summer purchases of gas for injection into storage as determined annually as follows: [Total planned summer purchases of gas for injection into storage] minus [Storage inventory managed by the Company for Competitive Service providers and the amount of storage retained for daily balancing on the system].

   a. Natural and substitute natural gas (SNG) and liquefied natural gas (LNG) from pipeline and other suppliers including exchange gas;

   b. Liquefied natural gas (LNG) from other than pipeline sources;

General Service Provisions (Continued)

c. Liquefied petroleum gas (LPG); and

d. Other hydrocarbons used as feedstock for production of substitute natural gas (SNG) and spot or emergency purchases.

3. For purposes of this provision an appropriate assignment of cost of purchased gas applicable to the Company's Virginia firm sales rate schedules shall be made consistent with the methods employed in allocating cost of purchased gas in the Company's last general rate proceedings as reflected in the "Current Cost" set forth in B.1. below.

B. COMPUTATION

1. The PGC, calculated to the nearest .01¢ per therm, shall be computed each quarter for each of the Company's firm sales rate schedules in the following manner:

a. For estimated quantities purchased as specified in A.2.a. above, the sum of the annual billing demands and the sum of the quarterly commodity purchases for each firm sales rate schedule will be priced at the estimated wholesale rates of the Company's suppliers. Such commodity costs shall be adjusted to show the amounts excluded applicable to the Company's interruptible rate schedules. 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). Cost of storage withdrawals applicable to self-optimized storage resources (initially the Company's Transcontinental Gas Pipeline GSS, Dominion Transmission Incorporated GSS, and Dominion Transmission Incorporated GSS MA resources, but potentially any storage resource optimized by the Company) shall be based on storage gas inventory summer fill volumes (May through October) allocated on a monthly basis equal to one-sixth (1/6th) of the applicable Storage Capacity. Such volumes will be priced at First-of-the-Month Index Prices adjusted to include all applicable Transporters' FERC gas tariff based transportation rates, injection fees, surcharges, and applicable fuel and retainage percentages. Actual storage volumes and prices are dependent upon the Company's optimization activities and the financial impact will be reflected in asset management revenues.

b. The estimated quantities of all other types of gas or hydrocarbons purchased as specified in A.2.b., A.2.c., and A.2.d. above, for each firm sales rate schedule 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 B.1.a. above, and applicable billing adjustments, will be divided by the projected therm sales for each firm sales rate schedule for the billing year to determine the annualized demand cost per therm.

d. The commodity amounts determined in B.1.a. and B.1.b. above, and applicable billing adjustments will be divided by the projected therm sales for each firm sales rate schedule for the billing quarter to determine the quarterly commodity cost per therm.

General Service Provisions (Continued)

e. The PGC shall be adjusted to include carrying costs on prepaid gas based on the determination period average balance times the currently authorized rate of return plus an allowance for income taxes.

f. The PGC shall be adjusted to exclude the demand cost of Transco Eminence and WSS storage contracts utilized in the Company's self-optimization program.

g. The heat content of estimated hexane purchases for the quarter shall be included in the PGC, effective February 2006 in accordance with the Commission's Final Order in Case No. PUE-2006-00059, and calculated as follows:

Gallons hexane x .116 = Equivalent Dth of hexane

Conversion factor shall be determined, as follows:
1 gallon of hexane = 24,379 scf (standard cubic feet)
1 therm = 100,000 btu
1 scf of hexane = 4764 BTU
1 scf of hexane = .0476 therms (4764/100,000)
1 gallon of hexane = 1.16 therms (.0476 x 24.379)
1 gallon of hexane = .116 dekatherms (1.16 therms/10)

Such Dth shall be priced at flowing commodity WACOG calculated for the quarter. Total flowing commodity volumes for the period shall be reduced by equivalent Dth hexane volumes.

h. The sum of the amounts determined in B.1.c. to B.1.g. above will be the "Current Cost" per therm of gas purchased for sales under the applicable firm rate schedule.

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 0.44% of PGC revenues consisting of the amounts calculated in B.1.h. above, plus any GSRA amounts from GSP No. 23, effective September 28, 2007 in accordance with the Commission's Final Order in Case No. PUE-2006-00059.

j. Each computed PGC shall be adjusted for any taxes levied upon the Company which are based upon revenue, by dividing the PGC computed in B.1.h. above by the complement of the composite state and local tax rates on revenues.

k. The PGC charged to customers served under Rate Schedule 1 shall be subject to an adjustment per therm as set forth in General Service Provision No. 32.

General Service Provisions (Continued)

C. APPLICATION

Effective with the first meter reading day of each quarter, the PGC shall be revised to reflect the then "Current Cost" of purchased gas, including the effect of the then current composite state and local tax rates on revenues.

D. ACTUAL COST ADJUSTMENT

1. The Actual Cost Adjustment (ACA) will exclude purchased gas expenses and therm sales applicable to all interruptible rate schedules and all sales made under the TEMPORARY PROPANE HOLDING section of the Company's firm rate schedules. Further, collections for service rendered under the TEMPORARY PROPANE HOLDING section of the Company's firm rate schedules, shall be excluded from the ACA calculations.

2. An annual ACA will be computed for each firm sales rate schedule which shall become effective along with the normal PGC by determining the invoice cost of gas purchased, excluding supplier refunds and the GAC, applicable to each Virginia firm sales rate schedule for the Determination Period, which shall be twelve months ended August of each year, and subtracting therefrom an amount equal to:

   a. The "Current Cost" of purchased gas per therm as specified in B.1. in effect during the Determination Period multiplied by the actual quantities of gas sold during the Determination Period;

   b. An adjustment for the net ACA over-or-under collection during the Determination Period; and

   c. The amount of any supplier refunds held on the Company books for which refund factors have not been calculated and filed for refund to customers.

   d. All Penalties and Charges recovered from firm delivery service suppliers under Rate Schedule No. 9 and from interruptible delivery service suppliers under Rate Schedule No. 11 and amounts reflected in General Service Provision No. 23 applicable to the cost of gas as described above and General Service Provision No. 24.

   e. The Virginia allocated portion of $6,000,000 of asset management revenues during the Determination Period.

General Service Provisions (Continued)

3. The amount derived in D.2. above shall be divided by estimated therm quantities of gas to be sold during the next twelve months for each firm sales rate schedule and the resulting unit rate, adjusted for taxes, shall be reflected in the Purchased Gas Charge for the twelve month period commencing December each year.

4. Carrying costs at the Company's weighted average cost of short-term debt for the most recent month in which short-term debt was outstanding will be accrued on under or over collections of the cost of gas as they might occur month to month and on ACA amount during the time that is being credited or charged to customers.

E. REFUNDS

1. When the Company receives refunds from one or more of its suppliers which result from a reduction in suppliers' prices applicable to prior periods and previously reflected in the PGC, the Company shall pass on such refunds to customers as hereinafter described.

   a. Allocate to the Virginia jurisdiction an appropriate portion of the principal refunds received as follows:

      (1) Allocate commodity refunds to the Virginia jurisdiction based upon the ratio that Virginia related billing period therm sales to customers bears to the Company's total of such sales for each month of the period to which the refund applies;

      (2) Allocate Washington Gas non-commodity refunds by month to the Virginia jurisdiction based upon allocation factors included in ACA filings with the Commission for the respective refund periods;

      (3) Add the amounts determined in a.(1) and (2) to determine the principal refund received applicable to Virginia.

   b. Refund to firm sales customers as a credit to each customer's bill over a period not to exceed twelve months commencing not later than the fourth billing month after the date of receipt of the refund, an amount separately determined for firm sales customers as follows:

      (1) Divide the amount determined in a.(3) above by the complement of the composite state and local tax rates on revenues;

      (2) Apportion any interest received in connection with supplier refunds to the Virginia jurisdiction in the same ratio as their principal bears to the total refund to the Company;

      (3) Add the amounts determined in b.(1) and (2) above and divide such amount by the related estimate of firm sales in the Virginia jurisdiction for the refund period specified in E.1.b. above to determine the initial refund factor, which shall be applicable to the volumes billed to firm sales customers each month of the refund period;

General Service Provisions (Continued)

(4) After the amount of refund for each month has been determined, based on the estimated therm sales and the initial refund factor developed in b.(3) above, add to such amount interest computed from the middle of the month in which the refund involved was received by the Company from the supplier to the middle of the month during which the credit is to be made on customer's bills. The annual rate of interest shall be the same rate as that prescribed by the Commission on an annual basis applicable to customer deposits.

(5) The total amount of refund for the month determined in b.(4) above shall be divided by the estimated sales to the Virginia jurisdiction for the same month to determine the Final Refund Factor to be applied to the volumes billed to firm sales customers for the month of refund. The Final Refund Factor as computed shall be adjusted, if necessary, to insure refund of the total refund amount.

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

F. FILING

1. The Company will file with the Division of Energy Regulation a copy of the computation of the PGC or refund credit prior to billing, which PGC or refund credit shall be subject to Commission approval. PGC filings will be submitted 30 days prior to the first billing month of the PGC application period.

2. The Company may file a PGC at intervals other than specified quarters to recognize, as necessary, changes in the market price of the commodity cost of gas.

3. The Actual Cost Adjustment (ACA) shall be computed and filed with the Public Utility Accounting and Energy Regulation Divisions of the Commission for review at twelve-month intervals, which shall be subject to Commission approval.

G. DETAILS OF PURCHASES

The Company shall make available to the Commission all details of purchases as required.