

PHILADELPHIA GAS WORKS

GAS SERVICE TARIFF



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List of Changes Made by this Tariff Supplement

TABLE OF CONTENTS (Page Nos. 6-7)

Updated to reflect revised page numbers for each of the changes listed below on this page.

GAS COST RATE (GCR) – SECTION 1307(f), II. DEFINITIONS (Page No. 67)

In the definition of “GAC,” the GAC value effective March 1, 2018, increases from \$(0.00335) per Ccf to \$(0.00137) per Ccf.

GAS COST RATE (GCR) – SECTION 1307(f), II. DEFINITIONS (Page No. 67A)

In the definition of “IRC,” the “IRC” value effective March 1, 2018, decreases from \$0.00031 per Ccf to \$0.00016 per Ccf. In the definition of “SSC,” the “SSC” value effective March 1, 2018, decreases from \$0.47279 per Ccf to \$0.39010 per Ccf.

GAS COST RATE (GCR) – SECTION 1307(f), III. COMPUTATION OF GCR (Page No. 68)

The Gas Cost Rate (GCR) effective March 1, 2018, decreases from \$0.46913 per Ccf to \$0.38857 per Ccf.

PRICE TO COMPARE (Page No. 78)

The Prices to Compare effective March 1, 2018, are: a) \$0.40734 per Ccf for Residential; b) \$0.39514 per Ccf for Commercial Customers on Rate GS; c) \$0.39425 per Ccf for Industrial Customers on Rate GS; and d) \$0.39273 per Ccf for Municipal Customers on Rate MS, the Philadelphia Housing Authority on Rate PHA, Public Housing Customers on Rate GS & Natural Gas Vehicle Service on Rate NGVS.

EFFICIENCY COST RECOVERY SURCHARGE (Page No. 80)

The Efficiency Cost Recovery Surcharges effective March 1, 2018, are: a) \$0.00173 per Ccf for Residential and Public Housing Customers on Rate GS; b) \$0.00410 per Ccf for Commercial Customers on Rate GS; c) \$0.00213 per Ccf for Industrial Customers on Rate GS; d) \$0.00000 per Ccf for Municipal Customers on Rate MS; and e) \$0.00410 per Ccf for The Philadelphia Housing Authority on Rate PHA.

UNIVERSAL SERVICE AND ENERGY CONSERVATION SURCHARGE (Page No. 81)

The Universal Service and Energy Conservation Surcharge effective March 1, 2018, increases from \$0.14845 per Ccf to \$0.17145 per Ccf.

GENERAL SERVICE – RATE GS (Page No. 83)

The Gas Cost Rate (GCR) effective March 1, 2018, decreases from \$0.46913 per Ccf to \$0.38857 per Ccf.

MUNICIPAL SERVICE – RATE MS (Page No. 87)

The Gas Cost Rate (GCR) effective March 1, 2018, decreases from \$0.46913 per Ccf to \$0.38857 per Ccf.

PHILADELPHIA HOUSING AUTHORITY SERVICE – RATE PHA (Page No. 90)

The Gas Cost Rate (GCR) effective March 1, 2018, decreases from \$0.46913 per Ccf to \$0.38857 per Ccf.

DEVELOPMENTAL NATURAL GAS VEHICLE SVC - RATE NGVS FIRM SERVICE (Page No. 135)

The Gas Cost Rate (GCR) effective March 1, 2018, decreases from \$0.46913 per Ccf to \$0.38857 per Ccf.

TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	One Hundred and Seventh Revised 2
Description of Territory Served _____	5
Table of Contents _____	One Hundred and Seventh Revised 6
Definitions _____	Second Revised 10
<u>RULES and REGULATIONS:</u>	
1. The Gas Service Tariff _____	First Revised 15
2. Application and Contract for Gas Service _____	Sixth Revised 17
3. Credit and Deposit _____	Third Revised 21
4. Billing and Payment _____	Second Revised 26
5. Termination and/or Discontinuance of Gas Service _____	Second Revised 30
6. Termination of Service for Safety Reasons and Curtailment of Service/ Service Continuity _____	First Revised 38
7. Inquiry, Review, Dispute, and Appeals Process _____	First Revised 41
8. Customer's Responsibility for Company's Property _____	First Revised 44
9. Conditions of Service, Point of Delivery, and Application of Rates _____	Third Revised 47
10. Extensions And Rights-Of-Way _____	First Revised 50
11. Meters: Measurements, Readings, Errors, and Tests _____	First Revised 53
12. Service Charges and Miscellaneous Fees and Provisions _____	Second Revised 57
13. Universal Service And Energy Conservation Programs _____	Second Revised 59
14. Gas Choice Enrollment and Switching _____	First Revised 63
15. Supplier of Last Resort _____	First Revised 65

PHILADELPHIA GAS WORKS

	Page Number
RATES (Cover Page) _____	66
Gas Cost Rate _____	Sixty Ninth Revised 67
Revenue Reconciliation Adjustment (RRA) Rider _____	70
Senior Citizen Discount _____	First Revised 72
Exit Fee Rider _____	77
Merchant Function & Gas Procurement Charges; Price to Compare_	Twenty Fourth Revised 78
Restructuring and Consumer Education Surcharge _____	Twenty Fifth Revised 79
Efficiency Cost Recovery Mechanism _____	Thirty Seventh Revised 80
Universal Services Surcharge _____	Seventy First Revised 81
Other Post Employment Benefit Surcharge _____	Tenth Revised 82
General Service - Rate GS _____	Eightieth Revised 83
Municipal Service - Rate MS _____	Eightieth Revised 87
Philadelphia Housing Authority Service – Rate PHA _____	Eightieth Revised 90
Daily Balancing Service – Rate DB _____	101
Interruptible Transportation Service – Rate IT _____	111
Gas Transportation Service - Rate GTS - Firm Service _____	118
Gas Transportation Service - Rate GTS - Interruptible _____	124
Cogeneration Service - Rate CG _____	Fifth Revised 131
Developmental Natural Gas Vehicle Service - Rate NGVS Firm Service	Fifty Second Revised 135
Developmental Natural Gas Vehicle Service - Rate NGVS Interruptible	
Service _____	139
Liquefied Natural Gas Service – Rate LNG _____	Third Revised 142
SPECIAL PROVISION – Air Conditioning Rider _____	143
SPECIAL PROVISION – Compressed Natural Gas Rider _____	145
SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider _____	147
Weather Normalization Adjustment Clause _____	Fourth Revised 149
Distribution System Improvement Charge _____	Seventeenth Revised 151
Backup Service – Rate BUS _____	154
Technology and Economic Development Rider and	
Micro-Combined Heat and Power Incentives _____	155

GAS COST RATE (GCR) -- SECTION 1307(f)

I. PROVISION FOR ADJUSTMENT

The Gas Cost Rate shall be applied to each Mcf (1,000 cubic feet) for Firm Retail Sales Service Gas supplied under Rates Schedules GS, MS, PHA, and NGVS-Firm, except for Gas usage under the Special Provisions – Air Conditioning of those rates calculated in a manner set forth below, pursuant to 66 Pa.C.S. §1307(f). Such rates for Firm Sales Service Gas may be increased or decreased from time to time under the procedures set forth in Section II.B. below to reflect changes in the level of Gas costs incurred or projected to be incurred by PGW related to Sales Service.

II. DEFINITIONS

C - The current cost of Natural Gas and other raw materials determined as follows: (a) for all types of Gas, project the cost for each purchase (adjusted for net current Gas stored) for the computation year plus (b) the of (1) the projected book value of non-current Gas at the beginning of the computation year minus (2) the projected book value of non-current Gas at the end of the computation year. In addition to any cost authorized by the Commission, the cost of Natural Gas may include any item included in the definition of Natural Gas costs set forth in 66 Pa.C.S. § 1307(h) ("Definition"). The Factor "C" includes two components -- Commodity Costs and Demand Costs which are defined as follows: Commodity Costs - the actual cost of natural gas and purchased electric for firm customers that does not include the fixed costs associated with the transportation and storage of natural gas; and Demand Costs - the fixed costs associated with the transportation and storage of natural gas for firm customers.

Effective 9/1/08, 75% of off system sales margin and capacity release credits will be allocated to the Factor "C" and 25% to the Company. Effective 9/1/09, 75% of storage asset management fees will be allocated to the Factor "C" and 25% to the Company.

Computation Year - The 12-month forecast period as identified in the Company's annual 1307(f) filing and each quarterly GCR filing.

E - Experienced net over billing (or under billing) of the cost of Natural Gas and other raw materials applicable to the GCR reported in the most recent Section 1307(f) proceeding. Such over billings (or under billings) will be made with interest at the rate and method set forth by the Pennsylvania Public Utility Commission. Additionally, supplier refunds received prior to the end of the August billing period will be included in the Factor "E." The Factor "E" includes two components -- Commodity Costs and Demand Costs which are defined above in the Factor "C" definition. Credit or recovery of the factor "E" is completed over the Company's Fiscal Year.

Firm Sales Service - The service provided to Customers who receive firm supply service from PGW. The term does not include the service provided to Customers who receive interruptible supply service from PGW.

GAC (Gas Adjustment Charge) - The "E" factor component of the GCR, representing the net overcollection or undercollection of Natural Gas and other raw materials costs. The currently effective GAC is \$(0.00716) per Ccf for Commodity Costs and \$0.00579 per Ccf for Demand Costs, for service on or after March 1, 2018. The total GAC is \$(0.00137) per Ccf. (I)

GCR - Gas Cost Rate determined to the nearest one-hundredth cent (\$0.0001) to be applied to each Mcf of Gas supplied under Rates GS, MS, PHA, and NGVS-Firm, except for Gas usage under the Special Provisions – Air Conditioning of those rates and is equal to the SSC plus the GAC minus the IRC.

(I) – Increase

IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$0.00016 per Ccf for service on or after March 1, 2018.

(D)

Natural Gas or Gas - The volumes of gas purchased or manufactured by the Company that is delivered to the Company's Customers, plus such portion of the Company-used and unaccounted-for gas as the Commission permits, including, but not limited to, natural gas, liquefied natural gas, synthetic gas, liquefied propane and naphtha.

S - Projected applicable Mcf of Gas to be billed to Customers during the computation year.

SSC - Sales Service Charge - The purchased Gas costs determined to the nearest $\frac{1}{100}$ of a cent (\$0.0001). The currently effective SSC is \$0.29463 per Ccf for Commodity Costs and \$0.09547 per Ccf for Demand Costs, for service on or after March 1, 2018. The total SSC is \$0.39010 per Ccf.

(D)

(D) – Decrease

III. COMPUTATION OF GAS COST RATE

A. The GCR shall be computed to the nearest one-thousandth cent (\$0.00001) in accordance with the formula set forth below as the terms are defined in Section II:

$$\begin{aligned} \text{SSC} &= \text{C/S} \\ \text{GAC} &= \text{E/S} \\ \text{GCR} &= \text{SSC} + \text{GAC} - \text{IRC} \end{aligned}$$

B. Each Gas Cost Rate so computed shall be applied to Customers' bills for twelve monthly billing periods commencing with September.

The currently effective Gas Cost Rate is \$0.38857 per Ccf, for service on or after March 1, 2018.

(D)

IV. REPORTING REQUIREMENTS

A. The Company's rates are subject to quarterly adjustments for recovery of the Gas Cost Rate under procedures set forth in Section 1307(f) of the Public Utility Code.

B. The filing of the Company's annual Section 1307(f) filing, annual Gas Cost Rate, effective during the billing period of September through August, shall be submitted to the Commission by March 1 of each year, with a February 1 pre-filing date.

C. The application of the Gas Cost Rate shall be subject to review and audit by the Commission at such intervals as the Commission shall determine.

D. If it shall be determined, from audit by the Commission, or by final order entered after notice and hearing, that the application of this clause has resulted in the overcollection or undercollection of revenues, then the Company shall apply such over/undercollection as a credit or debit against future Gas Cost Rates.

V. PROVISION FOR INCLUSION OF SPECIFIC NON-GAS EXPENSES

The computation of the Gas Cost Rate may include such Non-Gas expenses as may be authorized by this tariff and annually authorized by the Commission.

VI. INTERRUPTIBLE REVENUE CREDIT (IRC)

A. The GCR rate shall be credited with an Interruptible Revenue Credit (IRC) equal to the margin realized from interruptible sales under PGW's Interruptible Sales Tariff Rates: BPS, LBS; and CG (Total Margin Revenue).

B. The IRC shall be set each year in the Company's 1307(f) proceeding to reflect the Total Margin Revenue. The rate per Mcf shall be calculated by dividing the Total Margin Revenue by total applicable firm sales. For the period September 1, 2003 through August 31, 2004 the IRC shall be initially set to reflect the Total Margin Revenue authorized by the Commission in its final order at M-00021612 (entered March 31, 2003).

(D) – Decrease

MERCHANT FUNCTION CHARGE (“MFC”)

The MFC is a volumetric charge, applied to firm sales service customers, which will be included in the Price to Compare. The MFC is based on Gas Cost Rate multiplied by a fixed uncollectible percentage established in the Company’s last general base rate proceeding. The MFC will not be reconciled to reflect actual results. The MFC is intended to make the Company’s Price to Compare more comparable to the gas supply services price offers of other Natural Gas Suppliers that presumably reflect anticipated uncollectible expenses. The following percentages will be applied to the quarterly Gas Cost Rate in order to calculate the quarterly MFC: 3.76% - GS Residential (“GS RES”); 0.62% - GS Commercial (“GS COM”); and 0.39% - GS Industrial (“GS IND”). The current MFC is set forth below in the Price to Compare table.

GAS PROCUREMENT CHARGE (“GPC”)

The GPC is a volumetric charge, applied to firm sales service customers, which will be included in the Price to Compare. The GPC will remain in effect until reviewed and updated in the Company’s next general base rate proceeding.

Current Gas Procurement Charge = \$0.00400/Ccf

PRICE TO COMPARE (“PTC”)

The PTC is composed of the Sales Service Charge (“SSC”), Gas Adjustment Charge (“GAC”), the Merchant Function Charge and the Gas Procurement Charge. The PTC will change whenever any of the components of the PTC change. The current PTC is (per Ccf):

	GS RES	GS PH	GS COM	GS IND	MS	PHA	NGVS
SSC	\$0.39010	\$0.39010	\$0.39010	\$0.39010	\$0.39010	\$0.39010	\$0.39010
GAC	(\$0.00137)	(\$0.00137)	(\$0.00137)	(\$0.00137)	(\$0.00137)	(\$0.00137)	(\$0.00137)
MFC	\$0.01461	\$0.00000	\$0.00241	\$0.00152	\$0.00000	\$0.00000	\$0.00000
GPC	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400
PTC	<u>\$0.40734</u>	<u>\$0.39273</u>	<u>\$0.39514</u>	<u>\$0.39425</u>	<u>\$0.39273</u>	<u>\$0.39273</u>	<u>\$0.39273</u>

(C)

(C) – Change

EFFICIENCY COST RECOVERY SURCHARGE

The cost of the energy efficiency programs (i.e. the demand side management programs) for the firm customer rate classes listed below will be recovered by an Efficiency Cost Recovery Surcharge applicable to all volumes of Gas delivered.

- 1) The Surcharge will recover the program costs and the administrative costs of the energy efficiency program.
- 2) Computation of the Efficiency Cost Recovery Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307(f) of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
- 3) Once the surcharge is in place, it will be automatically adjusted effective March 1, June 1, September 1, and December 1 of each year in accordance with Section 1307(f) quarterly adjustment procedures. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the total energy efficiency program costs approved for annual recovery plus (or minus) any over (or under) recovery from the prior period by the estimated applicable throughput in Mcfs. The costs related to customers other than low income residential customers are tracked and will be recovered separately from each of the following firm customer rate classes if the customer class is served by the energy efficiency program:
 - a) Residential and Public Housing Customers on Rate GS;
 - b) Commercial Customers on Rate GS;
 - c) Industrial Customers on Rate GS;
 - d) Municipal Customers on Rate MS; and
 - e) The Philadelphia Housing Authority on Rate PHA.

The surcharge shall be a cents per Ccf charge calculated to the nearest one-thousandth of a cent (0.00001) which shall be added to the distribution rates for billing purposes for all customers in each of the above rate classes. The rate shall be calculated separately for each rate class as follows:

- | | |
|---|------|
| a) \$0.00173 per Ccf for Residential and Public Housing Customers on Rate GS; | (D) |
| b) \$0.00410 per Ccf for Commercial Customers on Rate GS; | (D) |
| c) \$0.00213 per Ccf for Industrial Customers on Rate GS; | (D) |
| d) \$0.00000 per Ccf for Municipal Customers on Rate MS; and | (NC) |
| e) \$0.00410 per Ccf for The Philadelphia Housing Authority on Rate PHA. | (D) |

The Enhanced Low Income Retrofit Program costs shall be recovered through the Universal Services Surcharge beginning on September 1, 2010.

(D) – Decrease; (NC) – No Change

UNIVERSAL SERVICE AND ENERGY CONSERVATION SURCHARGE

Universal service and energy conservation program and related costs will be recovered by a Universal Service and Energy Conservation Surcharge applicable to all volumes of Gas delivered.

1. The Surcharge will recover: 1) the discounts provided to Customers pursuant to the Customer Responsibility Program (CRP); 2) the discounts provided to Customers pursuant to the Senior Citizen Discount; 3) the costs of the Conservation Works Program (CWP) and the Enhanced Low Income Retrofit Program (ELIRP); and, 4) for Customers entering the CRP program on or after September 1, 2003, past due arrearages forgiven pursuant to paragraph A (6) of the CRP/CAP Program Design Stipulation approved by the Commission by its order at M-00021612 (entered March 31, 2003).
2. Computation of the Universal Service and Energy Conservation Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307(f) of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
3. Once the surcharge is in place it will be automatically adjusted effective March 1, June 1, September 1, and December 1 of each year in accordance with Section 1307(f) quarterly adjustment procedures. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the total universal service and energy conservation program costs approved for annual recovery by the estimated applicable throughput in Mcfs.
4. The Universal Service and Energy Conservation Surcharge shall take effect upon the effective date of this Tariff.

Current Universal Service and Energy Conservation Surcharge = \$ 0.17145/Ccf.

(I)

(I) - Increase

GENERAL SERVICE - RATE GS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after March 1, 2018.

AVAILABILITY

Available for any purpose where the Company's distribution mains adjacent to the proposed Gas Service location are, or can economically be made, suitable to supply the quantities of Gas or Transportation Services required.

RATES

CUSTOMER CHARGE (per Meter (except parallel meters)):

\$ 13.75 per month for Residential and Public Housing Authority Customers.
\$ 23.40 per month for Commercial Customers
\$ 70.00 per month for Industrial Customers

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to GS Customers who transport gas through a qualified NGS):

\$0.38857 per Ccf for Residential and Public Housing (D)
\$0.38857 per Ccf for Commercial Customers (D)
\$0.38857 per Ccf for Industrial Customers (D)

Plus,

DISTRIBUTION CHARGE (consisting of items (A) and (B), below):

(A) Delivery Charge:

\$0.66967 per Ccf for Residential
\$0.57105 per Ccf for Public Housing
\$0.48651 per Ccf for Commercial and Municipal Customers
\$0.47698 per Ccf for Industrial Customers

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; Restructuring and Consumer Education Surcharge; Efficiency Cost Recovery Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

(D) - Decrease

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

MUNICIPAL SERVICE - RATE MS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after March 1, 2018.

AVAILABILITY

Available to properties owned or occupied by the City of Philadelphia or the Board of Education, or any of their respective agencies or instrumentalities, for any type of Gas Service, unless purchased for resale to others, and where the Company's distribution mains adjacent to the proposed Gas Service locations are, or can economically be made, suitable to supply the quantities of Gas required; provided, however, that the rate shall not be available to Commercial Tenants of any such property.

RATES

CUSTOMER CHARGE (per Meter (except parallel meters):

\$ 23.40 per month

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to MS Customers who transport Gas through a qualified NGS):

\$0.38857 per Ccf

(D)

Plus,

DISTRIBUTION CHARGE (consisting of items (A) and (B), below):

(A) Delivery Charge:

\$0.42723 per Ccf

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and The Restructuring and Consumer Education Surcharge; the Efficiency Cost Recovery Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

(D) - Decrease

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

PHILADELPHIA HOUSING AUTHORITY SERVICE - RATE PHA

Rate: Applicable to all Retail Sales Service or Transportation Services rendered pursuant to this Rate Schedule on or after March 1, 2018.

AVAILABILITY

Available for all Gas usage in multiple dwelling Residential buildings containing 10 or more dwelling units, owned and operated by the Philadelphia Housing Authority, where cooking shall be performed exclusively with Gas and where Gas Service shall be supplied through one or more single point metering arrangements at locations where the Company's distribution mains adjacent to the proposed Gas Service locations are, or can economically be made, suitable to supply the quantities of Gas required.

This rate is also available for all Gas usage in single and multiple dwelling Residential buildings, containing less than 10 dwelling units, provided, and only so long as, Gas is used exclusively for cooking, water heating and space heating for all such Residential buildings owned and operated by the Philadelphia Housing Authority, except (a) buildings operated by the Philadelphia Housing Authority, prior to the original effective date of this rate (January 1, 1969), and (b) buildings for which, in the judgment of the Company, such Gas Service cannot be provided economically.

RATES

CUSTOMER CHARGE (per Meter (except parallel meters);

\$23.40 per month

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to PHA customers who transport gas through a qualified NGS):

\$0.38857 per Ccf

(D)

Plus

DISTRIBUTION CHARGE (consisting of item (A) and (B), below):

(A) Delivery Charge:

\$0.50163 per Ccf

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and The Restructuring and Consumer Education Surcharge; the Efficiency Cost Recovery Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

(D) - Decrease

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

**DEVELOPMENTAL NATURAL GAS VEHICLE SERVICE - RATE NGVS
FIRM SERVICE**

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after
March 1, 2018.

AVAILABILITY

This service is available to provide uncompressed Natural Gas to any Customer for the exclusive purpose of compressing such Gas for use as fuel for motor vehicles. The compression of the Natural Gas to the pressure required for use as a motor vehicle fuel will be conducted by the Customer, at the Customer's designated premises. Service shall only be available where the Company's distribution system is, or can economically be made available to supply the service. Each Customer will be required to execute a service agreement which will specify terms and conditions of service.

CHARACTER OF SERVICE

Service under this rate schedule is firm and shall only be interrupted in the case of operating emergencies experienced by the Company.

MONTHLY RATE

CUSTOMER CHARGE:

\$35.00 per month

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to NGVS customers who transport gas through a qualified NGS):

\$0.38857 per Ccf

(D)

Plus

DISTRIBUTION CHARGE (consisting of item (A) and (B), below):

(A) Delivery Charge (Updated in Supplement No. 65 – Issued: July 10, 2013; Effective: October 1, 2013):

\$0.12833 per Ccf

(B) Surcharges:

Universal Service and Energy Conversation Surcharge; The Restructuring and Consumer Education Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

(D) – Decrease

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.