

GENERAL SERVICE PROVISIONS (continued)

14. EXTENSION OF MAINS (continued)

h. Revenues under this section shall be determined exclusive of Purchased Gas Charges.

15. RELOCATION OR ALTERATION OF COMPANY-OWNED FACILITIES

Any relocation or alteration of Company-owned facilities to furnish gas service to customers for the convenience and benefit of the Company shall be paid for by the Company; however, any such changes occasioned or necessitated by any action of customer, or owner of the property if customer is a lessee, may be made only after prior approval of the Company, and shall be at the expense of the customer or owner responsible therefore; provided, however, that the Company may bear that portion of the cost of such changes in facilities which, in the Company's opinion, is justified under the circumstances.

16. PURCHASED GAS CHARGE

I. Provision for Charge.

- A. The Rate for Monthly Consumption set forth in the Company's retail gas rate schedules Nos. 1, 2, and 4 shall include an amount per therm for the cost of purchased gas called the Purchased Gas Charge (PGC).
- B. The term "purchased gas" as used in the determination of the PGC shall include the following:
1. Natural and Substitute Natural Gas (SNG), vaporized liquefied Natural Gas (VLNG) and costs associated with gas price hedging transactions.
 - a. The price hedging transactions under a pilot-hedging program shall be a price cap product, price band product, fixed price product, or some combination of each for hedging transactions;
 - b. Financial instruments may be used to hedge summer storage injections. The financial instruments that may be used include the following: over-the-counter (OTC) forwards, OTC Swaps, New York Mercantile Exchange (NYMEX) Futures, and OTC or NYMEX options in the form of Calls and Puts.
 2. Liquefied Natural Gas (LNG);
 3. Liquefied petroleum gas (LPG);
 4. Hexane; and
 5. Any other natural gas, or gasifiable feedstock hydrocarbon, and any other storage, transportation, exchange or similar service; providing, however, that any cost for such product or service may be included in the PGC computation subject to such order as the Commission may issue providing for refund on a determination that the cost, or any part thereof, was not prudently and reasonably incurred in the public interest on the evaluation of such factors as the need or expected need for the product or service, the price paid therefore, and the availability of alternative options.

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Effective for service rendered on and after December 30, 2009

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