

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.

ISSUED: December 22, 2009

Effective for service rendered on and after December 30, 2009

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

GENERAL SERVICE PROVISIONS (continued)

16. PURCHASED GAS CHARGE (continued)

Any such refund exposure shall terminate on a date 90 days after the date on which any such cost was reported to the Commission in a filed PGC computation, but if the Commission has previous to the expiration of such/90 day period commenced a proceeding thereon (through a separate investigation, a Company-initiated rate proceeding, or otherwise), then the refund exposure shall continue for a total period of not more than 365 days from the aforementioned PGC computation filing date. The Commission will issue a public notice of all computation filings under VII. that include purchased gas costs provided for in this I.B.4. and invite comments from the public and its own staff thereon, and will order a hearing thereon only if a substantial issue appears to warrant a hearing.

- C. For purposes of this provision an appropriate assignment of cost of purchased gas applicable to the Company's District of Columbia sales shall be made consistent with the methods employed in allocating cost of purchased gas in the Company's general rate proceedings.

II. Computation.

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

1. 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 will be 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 to the Company for the twelve-month period commencing with the first month of the applicable PGC billing quarter. An amount shall be included to represent Carrying Costs on Prepaid Gas which is based on the determination period average balance times the currently authorized rate of return plus an allowance for income taxes.

ISSUED: April 19, 1999

Effective for meter readings on and after June 2, 1999

Adrian Chapman - Vice President, Regulatory Affairs & Energy Acquisition

WASHINGTON GAS LIGHT COMPANY - DISTRICT OF COLUMBIA
P.S.C. of D.C. No. 3
Sixth Revised Page No. 46
Superseding Fifth Revised Page No. 46

RESERVED FOR FUTURE USE

ISSUED: April 19, 1999
Effective for meter readings on and after June 2, 1999
Adrian Chapman -Vice President, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (continued)

16. PURCHASED GAS CHARGE (continued)

2. The estimated quantities of all the other types of gas or hydrocarbons purchased as specified in I.B.2., I.B.3., and I.B.4. above, for firm sales 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.
3. The demand amounts determined above, and applicable billing adjustments, adjusted to reflect the crediting of 100% of Rate Schedule Nos. 1A, 2A and 6 transitional cost charge revenues, 100% of Balancing and Equalization Charges applicable to Rate Schedule No. 2A, 100% of Rate Schedule No. 3A balancing charge and imbalance fee revenues, 100% of Rate Schedule No. 5 penalty revenues and other charges, and 100% of Balancing Charges applicable to Rate Schedule No. 6, will be divided by the projected firm therm sales for the billing year to determine the annualized demand cost per therm.
4. The commodity amounts determined above, and applicable billing adjustments, will be divided by the projected firm therm sales for the billing quarter to determine the quarterly commodity cost per therm.
5. The PGC "Current Cost" shall be the sum of the amounts determined in II.3 and II.4 above
6. For purposes of this provision purchases specified in I.B.1 and I.B.2 above may be increased or decreased as appropriate, to annualize replacement supplies of purchased gas provided deliveries of such replacement supplies have commenced or will commence as of the date the related PGC becomes effective.
7. Inclusion in the calculation of any costs not set forth in II.2. shall be subject to the review, notice and refund provisions in I.B.4.
8. Peak Shaving costs shall not be assigned to spot or emergency sales in the PGC computation. If the Company makes spot or emergency sales during the period when it is peak shaving, an equivalent volume of peak shaving supplies must either be supplied or replaced by the spot or emergency sale customer.
9. Each computed PGC shall be adjusted to provide for the recovery of uncollectible accounts expense through a fixed Gas Administrative Charge (GAC). The fixed GAC amount is calculated by dividing the uncollectible accounts expense related to firm sales service gas revenue calculated in the Company's latest rate case divided by the number of normal weather sales service therms.

III. Application

Bills for the current billing month shall include a Purchased Gas Charge which shall be the product of (1) the PGC factor and (2) the total therms used during the current billing month.

GENERAL SERVICE PROVISIONS (continued)

16. PURCHASED GAS CHARGE (continued)

IV. Distribution Charge Adjustment.

A. The Distribution Charge Adjustment (DCA) factor shall be calculated annually to reflect the reduction to the firm Distribution Charge to be derived from interruptible sales and delivery service. The DCA factor commencing with the December billing month each year shall be calculated to the nearest .01¢ per therm, and shall be based on actual interruptible revenues less the related cost of gas during the twelve month period ended the preceding August billing month, as follows:

1. Actual interruptible sales and delivery service revenues including penalties for Rate Schedule Nos. 3 and 3A and Watergate project gas usage charges;
2. Less the cost of gas purchased for interruptible sales (adjusted for unaccounted-for gas);
3. Less the customer charge revenues for Rate Schedule No. 3 and 3A and Watergate;
4. 90% of the net of the above subsections, IV.A.1. through IV.A.3.;
5. Effective April 9, 2003, the aggregate of any Residential Essential Service Rider discount amounts for the immediately preceding November through April billing months which are less than or in excess of the \$511,032 approved in Formal Case No. 989 shall be added or subtracted, respectively.
6. The net of the above subsections IV.A.4. and IV.A.5, divided by the estimated firm therm sales for the application period 12 months commencing December each year.

B. Any variation between billed DCA amounts and actual DCA amounts shall be reconciled annually based on the 12 months ending August utilizing the methodology of the ACA set forth in Section V. of this PGC Provision.

V. Actual Cost Adjustment.

A. The monthly PGC factor shall be increased or decreased to reflect PGC under-or-over collections by an amount per therm hereinafter described which is called the Actual Cost Adjustment Factor (ACA).

B. The ACA, calculated to the nearest .01¢ per therm, shall be computed annually based on the Determination Period 12 months ended August each year in the following manner:

GENERAL SERVICE PROVISIONS (continued)

16. PURCHASED GAS CHARGE (continued)

1. Allocate to the District of Columbia a portion of total purchased gas cost, as recorded on the books of the Company, excluding any refunds and cost of spot or emergency sales to customers not served under the Company's retail gas rate schedules plus carrying costs for prepaid gas. Such allocation is to be consistent with the methods employed in allocating purchased gas costs in the most recently adjudicated general rate proceeding. System cost of spot or emergency sales, shall be priced at the lesser of (1) the determination period average unit cost of all purchased gas, except for peak shaving cost or (2) the actual sales price, but in no event less than the determination period applicable Weighted Average Commodity Cost of Gas (WACOG). The actual monthly cost of gas applicable to interruptible sales as computed in IV. shall be deducted. The ACA costs of gas shall be reduced by 50% of the District of Columbia allocated portion of asset management revenues received during each ACA determination period.
2. Adjust District of Columbia PGC collections to exclude ACA, refunds, DCA amounts, and the GAC.
3. The ACA amount to be reflected in billings to customers for the Application Period 12 months commencing December each year shall be the difference between V.B.1. and V.B.2 above.
4. The ACA factor to be effective for the 12 months commencing December each year shall be the result determined in V.B.3. divided by the estimated firm therm sales for the Application Period 12 months commencing December each year;
5. Carrying costs at the Company's short-term debt rate, as approved in Formal Case No. 989, will be accrued on under or over collections of the cost of gas as they might occur month to month and on the ACA amount during the time that it is being credited or charged to customers.
6. In addition, further adjustment shall be made for the net ACA over-or-under collections during the ACA application period commenced the preceding December. Such adjustment to the nearest .01¢ per therm shall be determined by comparing the previous year's V.B.3. determination with the actual ACA amounts and if any difference is found, such amount shall be divided by the estimated firm therm sales for the 12 months commencing the following March to determine the ACA Reconciliation Factor to be effective for the 12 months commencing the following March each year; and
7. The Company shall not be required to apply this provision when the associated ACA Factor or the ACA Reconciliation Factor is in the range of (.01¢) to .01¢ per therm.

ISSUED: December 21, 2006

Effective for service rendered on and after December 31, 2007

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

GENERAL SERVICE PROVISIONS (continued)

16. PURCHASED GAS CHARGE (continued)

VI. Refunds.

A. 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 Firm Customers as hereinafter described.

1. Allocate to the District of Columbia a portion of the principal refund received as follows:

- a. Separate total principal refund by calendar year;
- b. For each calendar year deduct principal refund applicable to purchases for spot or emergency set sales based upon the ratio that such term sales bear to the total term sales for each month of the period to which the refund applies;
- c. For each year allocate commodity refunds to the District of Columbia based upon the ratio that the District of Columbia related term sales to customers bears to the total of such sales for each month of the period to which the refund applies;
- d. For each calendar year allocate non-commodity refunds to the District of Columbia based upon related District of Columbia allocation factors included in ACA filings with the Commission for the respective refund periods. (For refund periods prior to 1986, use factors for calendar year 1986); and
- e. Add the amounts determined in VI.A.1.c. and VI.A.1.d. to determine the principal refund received applicable to the District of Columbia firm customers.

2. Refund to customers as a credit to each firm customer's bill over a period not to exceed 12 months commencing not later than the third billing month after the date of receipt of the refund, an amount determined as follows:

- a. Record the amount determined in VI.A.1.;
- b. Apportion any interest received in connection with supplier refunds to the District of Columbia in the same ratio as the District of Columbia principal bears to the total refund to the Company;
- c. Add the amounts determined in VI.A.2.a. and VI.A.2.b. and divide such amount by the related estimate of sales in the District of Columbia to firm customers for the refund period specified in V.A.2. above to determine the initial refund factor, which shall be applicable to the volumes billed to firm customers each month of the refund period;

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Adrian Chapman - Vice President, Operations, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (continued)

16. PURCHASED GAS CHARGE (continued)

d. After the amount of refund for each month has been determined, based on the estimated firm therm sales and the initial refund factor developed in VI.A.2.c., 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 firm customer's bills. The rate of interest shall be that which is prescribed by the Commission pursuant to Order No. 10256 in Formal Case No. 712 and in effect at the time such refund is received by the Company.

e. The total amount of refund for the month determined in VI.A.2.d. shall be divided by the estimated sales to the District of Columbia's firm customers for the same month to determine the Final Refund Factor, calculated to the nearest .01¢ per therm, to be applied to the volumes billed to firm 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.

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

C. In the event of a refund order from the Commission pursuant to I.B.4., the Company will effect refunds in the manner provided by the Commission, consistent with the principles of the foregoing refund procedures.

VII. The Company will file with the Commission the PGC, ACA, DCA or refund credit factors at least five days prior to the effective date of a change in the PGC, ACA, DCA or commencement date of refund credits to its customers. These computations shall show separate data related to each supply source includable in the PGC computation pursuant to I.B.4., and shall include a brief statement justifying the need for each of the supplies in question and the reasonableness of the price paid therefore (it being the intent that the justification not necessarily be as complete as the Company's evidence at an I.B.4. hearing).

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

The Commission Staff may direct the Company to adjust quarterly the PGC, ACA, Refund and DCA factors for the purpose of minimizing the level of any subsequent reconciliations arising in the ACA, Refunds and DCA. The Company shall furnish Staff data in a form and quantity acceptable to Staff for its own evaluations.