



**UTILITIES DEPARTMENT
DIVISION OF WATER & GAS
CITY OF DANVILLE, VIRGINIA**



NATURAL GAS RATE SCHEDULES & RIDERS

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Rate Schedules Revised: October 18, 2011
Rates Established by City Ordinance No. 2011-10.06
Stated rates are effective for bills issued November 1, 2011 and after for all natural gas accounts.

Rate Making Authority

Virginia Code Title 15.2, Chapter 21 authorizes local governments to operate public utilities.

The Danville City Council establishes utility rates, as authorized in City Code Chapter 2.

Code Chapter 2, Section 2-285 assigns to the Danville Utility Commission the responsibility for establishing such policies as non-consumption utility fees, utility extensions, service connection fees, and other general service policies not designated to the City Council or City Manager. Policies and procedures pertaining to standards and services are maintained in separate documents.

City Code Chapter 38, Utility Services, governs provision of utility services by the Danville Utilities Department.

Utility rates and charges are subject to change. Current copies of Rate Schedules are maintained at the Danville Public Library, 511 Patton Street, Danville, Virginia, in the City Clerk's Office, 4th Floor, Danville Municipal Building, 427 Patton Street, and on the internet via <http://www.danvilleutilities.com>.

Services of the Danville Utilities Department shall be applied fairly and consistently without regard to the customer's race, color, creed, sex, national origin or marital status.

Definitions

All terms used herein are considered to have common public utility application. They are neither unique to the City of Danville, nor are they meant to be subjected to precise scientific definition.

City – The City of Danville, Virginia.

City Gate – The facility at which the Utility receives delivery of natural gas from the Transcontinental Gas Pipeline.

Consumption – The amount of service used over a given period of time as measured by a meter.

Cubic Foot – The unit of natural gas volume measured by a Customer meter.

Customer – The individual, firm, or organization that purchases service at a specific location under a specific rate classification, contract, or Rate Schedule.

Customer Charge – The established fixed fee necessary to cover meter reading, billing, and other general service costs.

Customer Class – Specified category determined by the nature of the Customer's operations and type of service required.

Distribution Charge – The charge per therm of natural gas delivered by Utility to a Customer.

Firm – Gas distribution service that does not anticipate interruptions other than during emergencies.

Interruptible – Gas distribution service that anticipates and permits interruption on short notice.

Month - Not a calendar month, but instead the interval between successive regular meter reading dates. This can range from 26 to 35 calendar days.

Therm – The unit of natural gas measurement used for billing purposes that takes into account not only volume, or cubic feet of gas consumed, but also the energy or heat content of the gas as determined by its chemical qualities.

Transco – Transcontinental Gas Pipeline, the natural gas pipeline that provides the City of Danville with gas transportation services. The Williams Company owns Transco.

Transportation – The act of moving gas from a designated receipt point to a designated delivery point.

Transportation Capacity – The amount of transportation rights a customer has on an interstate natural gas pipeline. May be Firm or Interruptible.

Transportation Gas – Natural gas that is purchased by Utility's Customer directly from a producer or marketer, to be distinguished from consumer gas which is purchased by Utility for ultimate sale to the consumer, and is carried by Utility from the City Gate, through the distribution grid to Customer's meter, for a fee.

Utility – Refers to the City of Danville Utilities Department, or any division thereof.

Schedule 10
Residential Gas Service

APPLICABILITY: Available for individually metered dwelling units.

MONTHLY RATE: Customer Charge \$ 11.15 per meter
Distribution Charge \$ 0.3350 per therm

MINIMUM CHARGE: The minimum charge shall be the Customer Charge.

PURCHASED GAS ADJUSTMENT: The Distribution Charges specified in the Monthly Rate are subject to the Purchased Gas Adjustment (PGA) Rider, which is incorporated herein by reference.

LOCAL TAX ADJUSTMENT: This rate is subject to the Local Tax Adjustment Rider, which is incorporated herein by reference.

LATE PAYMENT CHARGE: A late payment charge of 1.5% will be applied to the balance of any account not paid within fifteen (15) days from the date due, or on or before the expiration date as shown on the bill rendered for gas service.

RECONNECTION CHARGE: There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with Section 38-52 of the City Code.

MISCELLANEOUS SERVICE CHARGES: Charges for additional services provided shall be made on the basis of the Miscellaneous Services listing included in these Rate Schedules.

THERM FACTOR: Meters registering in cubic feet or any denomination thereof are subject to a monthly therm factor adjustment as set forth in the Therm Factor Rider, which is incorporated herein by reference.

TERM OF SERVICE: Continuous until Customer notice.

Schedule 20
Firm Commercial Gas Service

APPLICABILITY: Available for firm commercial service customers.

MONTHLY RATE: Customer Charge: \$ 22.30 per meter

Distribution Charge: First 5,000 therms \$0.3350 per therm
Over 5,000 therms \$0.3050 per therm

MINIMUM CHARGE: The minimum charge shall be the Customer Charge.

PURCHASED GAS ADJUSTMENT: The Distribution Charges specified in the Monthly Rate are subject to the Purchased Gas Adjustment (PGA) Rider, which is incorporated herein by reference.

LOCAL TAX ADJUSTMENT: This rate is subject to the Local Tax Adjustment Rider, which is incorporated herein by reference.

LATE PAYMENT CHARGE: A late payment charge of 1.5% will be applied to the balance of any account not paid within twenty (20) days from the date due, or on or before the expiration date as shown on the bill rendered for gas service.

RECONNECTION CHARGE: There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with Section 38-52 of the City Code.

MISCELLANEOUS SERVICE CHARGES: Charges for additional services provided shall be made on the basis of the Miscellaneous Services listing included in these Rate Schedules.

THERM FACTOR: Meters registering in cubic feet or any denomination thereof are subject to a monthly therm factor adjustment as set forth in the Therm Factor Rider, which is incorporated herein by reference.

SPECIAL PROVISIONS: Customers that switch from firm sales service to any other service without at least a twelve-month notice are subject to a stranded cost adjustment to their bill. This charge will be based upon, but not limited to, their usage characteristics, related supply requirements, related pipeline demand/reservation charges, stranded distribution investment and other related stranded costs created by the switching of service.

TERM OF SERVICE: Customers must remain on this Rate Schedule for a period of no less than 12 months before switching service unless it is determined by the City that Customer no longer qualifies for this service.

Schedule 22
Commercial Transportation Gas Service

APPLICABILITY: Available for commercial service customers with an average monthly load of 5,000 therms or more, that meet the criteria outlined under the Special Provisions contained herein, and to the extent that Utility has adequate facilities available for transporting and delivery of such volumes of gas required by Customer.

MONTHLY RATE: Customer Charge: \$35.00 per meter

Distribution Charge: First 500 Therms \$0.2800 per therm
Over 500 Therms \$0.2500 per therm

MINIMUM CHARGE: The minimum charge shall be the Customer Charge.

LOCAL TAX ADJUSTMENT: This rate is subject to the Local Tax Adjustment Rider, which is incorporated herein by reference.

LATE PAYMENT CHARGE: A late payment charge of 1.5% will be applied to the balance of any account not paid within twenty (20) days from the date due, or on or before the expiration date as shown on the bill rendered for gas service.

RECONNECTION CHARGE: There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with Section 38-52 of the City Code.

MISCELLANEOUS SERVICE CHARGES: Charges for additional services provided shall be made on the basis of the Miscellaneous Services listing included in these Rate Schedules.

CHARACTER OF SERVICE: Service under this Rate Schedule allows Customer to have delivered to Utility, on an aggregated basis, natural gas supplies and Firm Transportation Capacity sufficient to satisfy Customer requirements at one or more locations on the distribution system. Delivery to Customer of natural gas by Utility shall be on a firm basis only to the extent of firm Transportation Capacity obtained directly by Customer and delivered to Utility's City Gate on a daily basis. The Utility reserves the right to interrupt or discontinue quantity of service required by the Customer that exceeds Customer's firm Transportation Capacity at any time whatsoever and to the extent necessary such interruption, in the sole judgment of Utility, may be required. The Utility will take reasonable efforts to provide adequate notice so as to minimize disruption of Customer's operations. However, in any event, such notice shall not be less than one hour.

THERM FACTOR: Meters registering in cubic feet or any denomination thereof are subject to a monthly therm factor adjustment as set forth in the Therm Factor Rider, which is incorporated herein by reference.

SPECIAL PROVISIONS: Gas transported on this Schedule shall be separately metered and shall not be used interchangeably with firm gas purchased on any other Rate Schedule.

The Customer and Utility will operate within the guidelines required by Transco, Utility's natural gas transporter.

The Customer shall make all necessary arrangements and contact affected parties for securing delivery of Customer-owned gas and firm transport capacity to the City Gate.

The Customer shall provide Utility information that includes, but is not limited to, all the nominations and confirmations for service under this Rate Schedule. The Utility shall inform Customer of any restrictions on the volume requested for delivery.

The Customer shall have an aggregated load of not less than 5,000 therms per month on a 12-month rolling average, and such load shall not fall below 5,000 therms for three consecutive months.

On occasion, Utility may need to interrupt service to avoid penalty or other charges from its supplier. Prior to such interruptions, the Customer will be given the option of agreeing to reimburse Utility for actual expenses levied to avoid disruption of service. In the event Customer elects curtailment, but fails to discontinue use of gas one hour after notice from Utility, all gas so used shall be considered as unauthorized and Customer will be charged all resulting costs incurred by Utility as calculated at the sole discretion of Utility, in addition to the charges set forth in the Monthly Rate.

When Customer can no longer meet the requirements of the provisions described above, Customer will be considered as no longer qualified for this service and shall be placed on an appropriate Rate Schedule.

The Utility shall bill Customer for only the non-gas portion of the bill. The Customer's gas supply provider shall render a bill directly to Customer for gas supply and firm transport capacity.

BALANCING OF TRANSPORTATION VOLUMES: It shall be Customer's responsibility to keep its supply and requirements in balance.

The Customer's Imbalance shall be equal to the difference between the volume of gas actually received at Utility's City Gate on behalf of Customer (Receipts) and Customer's

actual usage as determined from meter readings at Customer's meter (Deliveries). Imbalances are based on Receipts and Deliveries during a calendar month.

An Imbalance shall be deemed an Underdelivery whenever Receipts are less than Deliveries. When an Underdelivery occurs, additional gas used by Customer will be provided by Utility if available supply and Transportation Capacity permit. Underdeliveries shall be billed to Customer at the highest Gas Daily price for the month or Utility's highest cost of gas, whichever is higher, during the month in which the imbalance is resolved.

An Imbalance shall be deemed an Overdelivery whenever Receipts are greater than Deliveries. Overdeliveries will be purchased by Utility at the lowest Gas Daily price for the month or Utility's lowest cost of gas, whichever is lower, during the month in which the imbalance is resolved.

Imbalances may be resolved annually, quarterly, or as often as monthly, if at the sole discretion of Utility it is deemed necessary.

Any associated expenses incurred by Utility due to Customer's Underdeliveries or Overdeliveries, shall be billed on a pro rata basis to Customer. Charges for Underdeliveries or Overdeliveries are in addition to the charges set forth in the Monthly Rate.

For billing purposes, Utility will adjust the volume of gas transported from the City Gate to Customer's meter to offset gas that is lost or unaccounted for on Utility's distribution system. The unaccounted for percentage is based on Utility's system wide average for the twelve (12) months ending December 31 of each year and placed in effect as soon as practicable following the determination of the percentage.

TERM OF SERVICE: Not less than one year, except if mutually agreed upon between Customer and Utility.

Schedule 25
Interruptible Commercial Gas Service

APPLICABILITY: Available for commercial service customers with a minimum monthly load of 15,000 therms that meet the criteria outlined under the Special Provisions contained herein, and where Utility has gas delivery capacity in excess of the requirements of customers taking service under a firm Rate Schedule.

MONTHLY RATE:

Customer Charge:		\$ 375.00 per meter
Distribution Charge April - October:	First 15,000 therms	\$0.19025 per therm
	All over 15,000 therms	\$0.14350 per therm
Distribution Charge November - March:	First 15,000 therms	\$0.19525 per therm
	All over 15,000 therms	\$0.14850 per therm

MINIMUM CHARGE: The minimum charge shall be the Customer Charge.

PURCHASED GAS ADJUSTMENT: The Distribution Charges specified in the Monthly Rate are subject to the Purchased Gas Adjustment (PGA) Rider, which is incorporated herein by reference.

LOCAL TAX ADJUSTMENT: This rate is subject to the Local Tax Adjustment Rider, which is incorporated herein by reference.

LATE PAYMENT CHARGE: A late payment charge of 1.5% will be applied to the balance of any account not paid within twenty (20) days from the date due, or on or before the expiration date as shown on the bill rendered for gas service.

RECONNECTION CHARGE: There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with Section 38-52 of the City Code.

MISCELLANEOUS SERVICE CHARGES: Charges for additional services provided shall be made on the basis of the Miscellaneous Services listing included in these Rate Schedules.

CHARACTER OF SERVICE: Provision of natural gas subject to curtailment or discontinuance is at the sole discretion of Utility. The Utility will take reasonable efforts to provide adequate notice so as to minimize disruption of Customer's operations. However, in any event, such notice shall not be less than one hour.

THERM FACTOR: Meters registering in cubic feet or any denomination thereof are subject to a monthly therm factor adjustment as set forth in the Therm Factor Rider, which is incorporated herein by reference.

SPECIAL PROVISIONS: Gas purchased on this Schedule shall be separately metered and shall not be used interchangeably with firm gas purchased on any other Schedule.

Customers receiving service under this Schedule shall have adequate standby fuel and equipment available for use as needed. Alternative fuel equipment shall be fully operational at all times. The Customer shall be able to shift from natural gas to alternative fuel without significant negative impact on its operations or workforce.

The Customer shall have a load of a minimum of 15,000 therms per month on a 12-month rolling average, and such load shall not fall below 15,000 therms for three consecutive months.

In the event customer fails to discontinue use of gas after notice from Utility, all gas so used shall be considered as unauthorized, and Customer will be charged all resulting costs incurred by Utility as calculated at the sole discretion of Utility in addition to the charges set forth in the Monthly Rate.

When Customer can no longer meet the requirements of the provisions described above, Customer will be considered as no longer qualified for this service and shall be placed on an appropriate Rate Schedule.

TERM OF SERVICE: Not less than one year, except if mutually agreed upon between Customer and Utility.

Schedule 30
Firm Industrial Gas Service

APPLICABILITY: Available for firm industrial service customers

MONTHLY RATE: Customer Charge: \$ 106.00 per meter

Distribution Charge: First 5,000 therms	\$0.33500 per therm
Next 95,000 therms	\$0.30500 per therm
All over 100,000 therms	\$0.21375 per therm

MINIMUM CHARGE: The minimum charge shall be the Customer Charge.

PURCHASED GAS ADJUSTMENT: The Distribution Charges specified in the Monthly Rate are subject to the Purchased Gas Adjustment (PGA) Rider, which is incorporated herein by reference.

LOCAL TAX ADJUSTMENT: This rate is subject to the Local Tax Adjustment Rider, which is incorporated herein by reference.

LATE PAYMENT CHARGE: A late payment charge of 1.5% will be applied to the balance of any account not paid within twenty (20) days from the date due, or on or before the expiration date as shown on the bill rendered for gas service.

RECONNECTION CHARGE: There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with Section 38-52 of the City Code.

MISCELLANEOUS SERVICE CHARGES: Charges for additional services provided shall be made on the basis of the Miscellaneous Services listing included in these Rate Schedules.

THERM FACTOR: Meters registering in cubic feet or any denomination thereof are subject to a monthly therm factor adjustment as set forth in the Therm Factor Rider, which is incorporated herein by reference.

SPECIAL PROVISIONS: Customers that switch from firm sales service to any other service without at least a twelve-month notice are subject to a stranded cost adjustment to their bill. This charge will be based upon, but not limited to, their usage characteristics, related supply requirements, related pipeline demand/reservation charges, stranded distribution investment and other related stranded costs created by the switching of service.

TERM OF SERVICE: Customers must remain on this Rate Schedule for a period of no less than 12 months before switching service unless it is determined by the City that Customer no longer qualifies for this service.

Customers receiving service under this Schedule shall have adequate standby fuel and equipment available for use as needed. Alternative fuel equipment shall be fully operational at all times. The Customer shall be able to shift from natural gas to alternative fuel without significant negative impact on its operations or workforce.

In the event Customer fails to discontinue use of gas after notice from Utility, all gas so used shall be considered as unauthorized and Customer will be charged all resulting costs incurred by Utility as calculated at the sole discretion of Utility, in addition to the charges set forth in the Monthly Rate.

When Customer can no longer meet the requirements of the provisions described above, Customer will be considered as no longer qualified for this service and shall be placed on an appropriate Rate Schedule.

THERM FACTOR: Meters registering in cubic feet or any denomination thereof are subject to a monthly therm factor adjustment as set forth in the Therm Factor Rider, which is incorporated herein by reference.

TERM OF SERVICE: Not less than one year, except if mutually agreed upon between Customer and Utility.

Schedule 45
Interruptible Industrial Gas Service – Hedging Option

APPLICABILITY: Available for industrial service customers with an average monthly load of 50,000 therms or more, that meet the criteria outlined under the Special Provisions contained herein, and where Utility has gas delivery capacity in excess of the requirements of customers taking service under a firm Rate Schedule. Customers using this option may specify the point at which Utility may purchase gas on their behalf.

MONTHLY RATE:

Customer Charge: \$475.00 per meter

Distribution Charge: First 400,000 therms \$0.150 per therm

All over 400,000 therms \$0.075 per therm

Plus the agreed-upon price as outlined in Special Provisions

MINIMUM CHARGE: The minimum charge shall be the Customer Charge.

PURCHASED GAS ADJUSTMENT: The Distribution Charges specified in the Monthly Rate are subject to the Purchased Gas Adjustment (PGA) Rider, which is incorporated herein by reference.

LOCAL TAX ADJUSTMENT: This rate is subject to the Local Tax Adjustment Rider, which is incorporated herein by reference.

LATE PAYMENT CHARGE: A late payment charge of 1.5% will be applied to the balance of any account not paid within twenty (20) days from the date due, or on or before the expiration date as shown on the bill rendered for gas service.

RECONNECTION CHARGE: There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with Section 38-52 of the City Code.

MISCELLANEOUS SERVICE CHARGES: Charges for additional services provided shall be made on the basis of the Miscellaneous Services listing included in these Rate Schedules.

CHARACTER OF SERVICE: Provision of natural gas subject to curtailment or discontinuance is at the sole discretion of Utility. The Utility will take reasonable efforts to provide adequate notice so as to minimize disruption of Customer's operations. However, in any event, such notice shall not be less than one hour.

SPECIAL PROVISIONS: Gas purchased on this Schedule shall be separately metered and shall not be used interchangeably with firm gas purchased on any other Schedule.

Customers receiving service under this Schedule shall have adequate standby fuel and equipment available for use as needed. Alternative fuel equipment shall be fully operational at all times. The Customer shall be able to shift from natural gas to alternative fuel without significant negative impact on its operations or workforce.

In the event Customer fails to discontinue use of gas after notice from Utility, all gas so used shall be considered as unauthorized and Customer will be charged all resulting costs incurred by Utility as calculated at the sole discretion of Utility, in addition to the charges set forth in the Monthly Rate.

Customer may opt to advise Utility a locked-in price they wish to have gas supply purchased on their behalf and specify a volume and time at which Utility will reserve the supply for their needs. Customer will notify Utility in writing, and Utility will arrange to receive gas supply so specified at Utility's City Gate, and deliver to Customer's meter at an agreed upon price for the applicable delivery period. The price shall be the gas supply price, fuel, and delivery charge, including Transco Station 65 basis, as confirmed by Utility to Customer. Utility agrees to deliver and Customer agrees to take and pay for specified volumes of gas at the agreed-upon price during the applicable delivery period.

Customers electing the Hedging Option shall maintain their utility account in good standing, with no outstanding delinquencies or penalties, or overdue balances.

When Customer can no longer meet the requirements of the provisions described above, Customer will be considered as no longer qualified for this service and shall be placed on another appropriate Rate Schedule.

LOAD BALANCING: It shall be Customer's responsibility to keep its supply and requirements in balance.

The Customer's imbalance shall be equal to the difference between the volume of gas actually received at Utility's City Gate on behalf of Customer (Receipts) and Customer's actual usage as determined from meter readings at Customer's meter (Deliveries). Imbalances are based on Receipts and Deliveries during a calendar month.

An Imbalance shall be deemed an Underdelivery whenever Monthly Receipts are less than Monthly Deliveries. When an Underdelivery occurs, additional gas used by

Customer will be provided by Utility if available supply and capacity permits. Any additional gas provided as a result of Underdelivery shall be billed to Customer at the Schedule 40 Interruptible Industrial Gas Service Rate applicable to the month of delivery.

An Imbalance shall be deemed an Overdelivery whenever Monthly Receipts are greater than Monthly Deliveries. When an Overdelivery occurs due to Utility's curtailment of Customer, such Overdeliveries will be carried into the following month and treated as first through the meter. All other Overdeliveries for the month of delivery will be billed to the Customer at the charges set forth in the Monthly Rate.

Any associated expenses incurred by the Utility due to Customer's Underdeliveries or Overdeliveries, shall be billed on a pro rata basis to Customer. These expenses are in addition to the charges set forth in the Monthly Rate.

THERM FACTOR: Meters registering in cubic feet or any denomination thereof are subject to a monthly therm factor adjustment as set forth in the Therm Factor Rider, which is incorporated herein for reference.

TERM OF SERVICE: Not less than one year, except if mutually agreed upon between Customer and Utility.

Schedule 50
Firm Industrial Transportation Gas Service

APPLICABILITY: Available for industrial service customers that meet the criteria outlined under the Special Provisions contained herein, and to the extent that Utility has adequate facilities available for transporting and delivery of such volumes of gas required by Customer.

MONTHLY RATE:

Customer Charge:	\$ 375.00 per meter
Distribution Charge:	\$ 0.0725 per therm effective Nov 1, 2011
	\$ 0.1000 per therm effective July 1, 2012
	\$ 0.1250 per therm effective July 1, 2013
	\$ 0.1500 per therm effective July 1, 2014

MINIMUM CHARGE: The minimum charge shall be the Customer Charge.

LOCAL TAX ADJUSTMENT: This rate is subject to the Local Tax Adjustment Rider, which is incorporated herein by reference.

LATE PAYMENT CHARGE: A late payment charge of 1.5% will be applied to the balance of any account not paid within twenty (20) days from the date due, or on or before the expiration date as shown on the bill rendered for gas service.

RECONNECTION CHARGE: There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with Section 38-52 of the City Code.

MISCELLANEOUS SERVICE CHARGES: Charges for additional services provided shall be made on the basis of the Miscellaneous Services listing included in these Rate Schedules.

CHARACTER OF SERVICE: Delivery of natural gas by Utility under this Rate Schedule shall be on a firm basis only to the extent of firm Transportation Capacity obtained directly by Customer and delivered to Utility's City Gate on a daily basis. The Utility reserves the right to interrupt or discontinue quantity of service required by Customer that exceeds Customer's firm Transportation Capacity at any time whatsoever and to the extent necessary such interruption, in the sole judgment of Utility, may be required. The Utility will take reasonable efforts to provide adequate notice so as to minimize

disruption of Customer's operations. However, in any event, such notice shall not be less than one hour.

THERM FACTOR: Meters registering in cubic feet or any denomination thereof are subject to a monthly therm factor adjustment as set forth in the Therm Factor Rider, which is incorporated herein by reference.

SPECIAL PROVISIONS: Gas transported on this Schedule shall be separately metered and shall not be used interchangeably with firm gas purchased on any other Rate Schedule.

The Customer and Utility will operate within the guidelines required by Transco, the Utility's natural gas transporter.

The Customer shall make all necessary arrangements and contact affected parties for securing delivery of Customer-owned gas and firm transport capacity to the City Gate.

The Customer shall provide Utility information that includes, but is not limited to, all the nominations and confirmations for service under this Rate Schedule. The Utility shall inform Customer of any restrictions on the volume requested for delivery.

On occasion, Utility may need to interrupt service under this Rate Schedule to avoid penalty or other charges from its supplier. Prior to such interruptions, Customer will be given the option of agreeing to reimburse Utility for actual expenses levied to avoid disruption of service. In the event Customer elects curtailment, but fails to discontinue use of gas one hour after notice from Utility, all gas so used shall be considered as unauthorized and Customer will be charged all resulting costs incurred by Utility as calculated at the sole discretion of Utility, in addition to the charges set forth in the Monthly Rate.

BALANCING OF TRANSPORTATION VOLUMES: Monthly balancing is mandatory for all customers under this Rate Schedule. It shall be Customer's responsibility to keep its supply and requirements in balance.

The Customer's Imbalance shall be equal to the difference between the volume of gas actually received at Utility's City Gate on behalf of Customer (Receipts) and Customer's actual usage as determined from meter readings at Customer's meter (Deliveries). Imbalances are based on Receipts and Deliveries during a calendar month.

A Monthly Underdelivery shall be deemed to occur whenever Monthly Receipts are less than Monthly Deliveries. When an Underdelivery occurs, additional gas used by Customer will be provided by Utility if available supply and Transportation Capacity permit. All Monthly Underdeliveries shall be billed to Customer at the highest Gas Daily price for the month of delivery or Utility's highest cost of gas, whichever is higher.

A Monthly Overdelivery shall be deemed to occur whenever Monthly Receipts are greater than Monthly Deliveries. Monthly Overdeliveries will be purchased by the Utility at the lowest Gas Daily price for the month of delivery or Utility's lowest cost of gas, whichever is lower.

Any associated expenses incurred by Utility due to Customer's Underdeliveries or Overdeliveries, shall be billed on a pro rata basis to Customer. Charges for Underdeliveries or Overdeliveries are in addition to the charges set forth in the Monthly Rate.

In allowance for losses on Utility's distribution system, the amount of gas billed for transportation from the City Gate to the Customer's meter shall be the volume measured at the Customer's meter plus one percent (1.0%).

TERM OF SERVICE: Not less than one year, except if mutually agreed upon between Customer and Utility.

Miscellaneous Services – Natural Gas

Danville Utilities provides a variety of services at the Customer's request. Services are charged on the basis of the following fees:

<u>Miscellaneous Services</u>	<u>Fees</u>
Returned Check/Draft Charge	\$ 35.00
Service Initiation Fee (gas and/or water) <i>(location w/inactive services)</i>	\$ 40.00
Service Transfer Fee <i>(location w/active services)</i>	\$ 10.00
Bill Analysis Service Charge	\$ 10.00
Delinquent Processing Fee	\$ 36.00
Late Payment Penalty	1.5%
	2 x Average Month's Bill
Security Deposit	
<u>Gas Services</u>	
Gas Service Call <i>(plus applicable parts)</i>	\$ 30.00
Gas Service Call - After Hours <i>(plus applicable parts)</i>	\$ 60.00
Turn On Gas Service - Seasonal	\$ 30.00
Turn Off Gas Service - Seasonal	\$ 30.00
Light Pilot	\$ 30.00
Light Pilot - After Hours	\$ 60.00
Field Investigation – Gas Meter	\$ 60.00
Gas Service Restoration – Non-Pay	\$ 50.00
Unauthorized Meter Operation	\$ 150.00
Removal of Unauthorized Meter	\$ 150.00
Gas Meter Replacement	\$ 150.00

LOCAL TAX ADJUSTMENT: This rate is subject to the Local Tax Adjustment Rider, which is incorporated herein by reference.

LATE PAYMENT CHARGE: Unless bill is paid within fifteen (15) days from due date, or on or before expiration date as shown on bill, 1.5% will be added to the amount of the bill.

Purchased Gas Adjustment (PGA) Rider

APPLICABILITY: To all customers billed on any Rate Schedule in which reference to the Purchased Gas Adjustment (PGA) Rider is made.

PURCHASED GAS ADJUSTMENT: The PGA Rider shall be applied per term as follows:

For Firm Supply Service: $PGA^F = SC / (1 - L) + CF + T$
(Schedules 10, 20, and 30)

For Interruptible Supply Service: $PGA^I = SC / (1 - L) + CI$
(Schedules 25, 40 and 45)

For Transportation Service: $PGA^T = CT$
(Schedule 22, and 50)

Where:

SC = Supply Cost

$SC = R + F + V$

R = Rate (first-of-the-month Index and/or daily market prices)

F = Fuel Charges

V = Volumetric Transportation Charges

CF = Firm Capacity Cost

CI = Interruptible Capacity Cost

CT = Interruptible Transportation Capacity Cost

L = Loss Factor

$L = (P - S) / P$

P = Purchases of Gas

S = Sales of Gas

T = True-Up Factor

Supply Cost -- $SC = R + F + V$: The Supply Cost component shall be applicable to all firm and interruptible customers and subject to adjustment by the Loss Factor described below. The Supply Cost of natural gas shall be priced at any combination of first-of-the-month Index, spot market prices, hedged costs, and storage withdrawals, plus Fuel

Charges and Volumetric Transportation Charges, as specified in Utility's gas supply management contract.

Rate -- R: The cost per therm of natural gas purchased by Utility. The Rate is set in accordance with established Utility procedures.

Fuel Charges -- F: Losses of natural gas experienced by Utility's supplier from the wellhead to the City Gate that are charged by Transco to Utility.

Volumetric Transportation Charges -- V: Per unit fees charged by Transco to Utility for transportation of purchased natural gas from the pipeline receipt point to the City Gate.

Interruptible Capacity Cost -- CI: Certain costs incurred by Utility for purchased gas are related to interruptible service. Such costs shall be expressed as a cost per unit of gas received.

Firm Capacity Cost -- CF: All costs of natural gas incurred by Utility but not included in the Supply Cost or Interruptible Capacity Cost components shall be included in the Firm Capacity Cost component to firm customers. Firm Capacity Cost shall be calculated as a cost per unit of gas delivered to the City Gate.

Loss Factor -- $L=(P-S)/P$: Losses relate to the difference between gas purchased from suppliers by Utility or independently by the Customers and received at the City Gate and gas delivered from the City Gate to Customer meters. This factor represents Utility's distribution system losses. These losses shall be allocated by the Loss Factor, or as otherwise set forth in the appropriate Rate Schedule. The Loss Factor is calculated as a 12-month rolling average.

Purchase of Gas -- P: Total volume of gas received at the City Gate for sale to Utility's customers.

Sales of Gas -- S: Total volume of gas sold or delivered to Utility's customers.

True-Up Factor -- T: The differences between amounts paid by Utility for purchased gas and costs recovered from Customers shall be accumulated in an Over/Under Recovery Account. A True-Up Factor necessary to balance this account will be calculated and periodically applied in billings. The True-Up Factor will either be an additional charge to firm customers (Schedules 10, 20, and 30) to make up for under collections, or a credit to firm customers to return funds for over collections. The True-Up Factor will be applied cautiously to avoid significant billing fluctuations.

The PGA and its above-described components shall be updated monthly and applied to Customer billings in accordance with established Utilities Department procedures.

Therm Factor Rider

APPLICABILITY: For customers billed on any Rate Schedule in which reference to the Therm Factor Rider is made.

THERM FACTOR: Consumption measured on meters registering in cubic feet or any denomination thereof shall be subject to conversion to therms for billing purposes to account for both volume and energy or heat content of the natural gas. The monthly therm factor used by Utility shall be calculated in accordance with established Utility procedures using information provided by Transco.

Local Tax Adjustment Rider

When the City of Danville is or becomes liable to any political jurisdiction for any gross receipts tax, franchise tax, excise tax, privilege tax, use tax, or any other like charges against its real and/or personal property, or its operation, or its distribution of natural gas, or the amount of gas sold to or its revenues received from the sales of gas to the City's Customers within that jurisdiction, the amount of such tax, fee or charge shall be added, pro rata, to the bills of said Customers for gas service rendered within said jurisdiction. This process will thereby prevent Customers not taking service in said jurisdiction from being compelled to share such local taxes. Such tax adjustments shall be shown on the bills of Customers affected as "Tax Adjustment."

When a tax is levied on the Customer's consumption of natural gas by any governmental authority or political subdivision, it may be collected by the City and transferred to the appropriate body. This local excise tax shall be shown on the bills of Customers affected as "Consumer Tax."