
GAS RATE NO. A3

BASIC USAGE BALANCING SERVICE

APPLICABILITY:

This rate is applicable to 3rd Party Suppliers providing gas supply services to a Supplier Group of End-Use Customers who have chosen the Basic Delivery Service Option, or to End-Use Customers acting as their own Supply Agent, who have elected the Basic Delivery Service Option, in accordance with the Utility's requirements.

SPECIAL PROVISIONS:

Incorporated herein, and made part of this Gas Rate No. A3, are the Terms and Conditions for Gas Service, as amended from time to time. Capitalized terms used in this rate schedule are defined in the Terms and Conditions for Gas Service.

BASIC USAGE IMBALANCES:

The Utility shall cash-out monthly a 3rd Party Supplier, or an End-Use Customer acting as its own Supply Agent, the following in connection with positive or negative daily net Basic Usage Imbalances associated with a Supplier Group of End-Use Customers, or for the End-Use Customer acting as its own Supply Agent, under Gas Rate Nos. D3, D4, D5, D7, and D9.

Negative daily net Basic Usage Imbalances reflect situations where a Supplier Group of End-Use Customer(s), or an End-Use Customer acting as its own Supply Agent, consumed a greater volume of Gas than its Daily Gas Supply Deliveries.

Positive daily net Basic Usage Imbalances reflect situations where a Supplier Group of End-Use Customer(s), or an End-Use Customer acting as its own Supply Agent, consumed a lesser volume of Gas than its Daily Gas Supply Deliveries.

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In all Non-Operational Flow Order periods any net daily Basic Usage Imbalances will be administered in the manner described below. All volumes carried to month end will be cashed out in accordance with the provisions of Rate No. A2 Usage Balancing Service.

MONTHLY CASH-OUT OF DAILY IMBALANCES:

1. Except under Operational Flow Order or Curtailment conditions, cash-out charges for negative daily net Basic Usage Imbalances are as follows:

Daily net Basic Usage Imbalances of 0% up to and including 20% will be carried to month end.

110% of applicable Gas Supply Charge from Rider B (including capacity costs) for daily net Basic Usage Imbalances of greater than 20% up to and including 30%.

120% of applicable Gas Supply Charge from Rider B (including capacity costs) for daily net Basic Usage Imbalances of greater than 30% up to and including 40%.

140% of applicable Gas Supply Charge from Rider B (including capacity costs) for daily net Basic Usage Imbalances of greater than 40%.

2. Cash-out charges for negative daily net Basic Usage Imbalances, under Operational Flow Order conditions, are as follows:

For each Therm of a negative daily net Usage Imbalance greater than 5% percent, the greater of the highest per-unit gas cost paid by the Utility on the date of non-compliance or the daily cash-out charge as calculated above; plus

The payment of all other charges incurred by the Utility and attributable to the 3rd Party Suppliers' imbalance, including pipeline penalty charges on the Operational Flow Order shortfall quantities; plus

An Operational Flow Order imbalance charge of \$1.00 per Therm on the portion of the daily imbalance that is greater than 5%; plus

Applicable taxes.

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3. Except under Operational Flow Order or Curtailment conditions, cash-out credits for positive daily net Basic Usage Imbalances are as follows:

Daily net Basic Usage Imbalances of 0% up to and including 20% will be carried to month end.

90% of applicable Gas Supply Charge from Rider B (without capacity costs) for daily net Basic Usage Imbalances of greater than 20% up to and including 30%.

80% of applicable Gas Supply Charge from Rider B (without capacity costs) for daily net Basic Usage Imbalances of greater than 30% up to and including 40%.

60% of applicable Gas Supply Charge from Rider B (without capacity costs) for daily net Basic Usage Imbalances of greater than 40%.

4. Cash-out credits for positive daily net Basic Usage Imbalances, under Operational Flow Order conditions, are as follows:

The Utility will pay the 3rd Party Supplier for each Therm of positive daily net Usage Imbalance greater than 5%, the lesser of the lowest per-unit gas cost paid by the Utility (excluding capacity costs) on the date of non-compliance or the daily cash-out credit as calculated above; offset by

The 3rd Party Supplier will pay the Utility all charges incurred and attributable to the 3rd Party Supplier's imbalance, including pipeline penalty charges on the Operational Flow Order excess quantities and all applicable taxes; and

The 3rd Party Supplier will pay the Utility an Operational Flow Order imbalance charge of \$1.00 per Therm on the portion of the daily positive imbalance greater than 5%.

BILLING FOR DAILY IMBALANCE CASH-OUTS:

Basic Usage Imbalance charges and credits will be calculated daily, accumulated throughout the month and billed at month end, to the applicable 3rd Party Supplier or End-Use Customer acting as its own Supply Agent. Utility will purchase amounts from a 3rd Party Supplier, or End-Use Customer acting as its own Supply Agent that are not offset by other charges.