



Glossary of Terms

Tariff: the official public record of the rules, regulations and rates submitted by the utility and authorized by the Commission.

Gas Cost Rate (GCR): An automatic adjustment clause that permits a gas company to recover the actual cost of gas dollar for dollar. If a company is recovering gas costs through a GCR they must have a GCR rider as part of their tariff. The Company submits a filing that shows the calculation of the GCR based on projected sales and gas costs. The Company is permitted to roll-in approximately 90 to 100% of its GCR into base rates. The GCR includes an E-Factor which is designed to reconcile actual activity. Typically, a company has a GCR when part or all of its gas supply is purchased from a third-party.

Base Rate: the rate billed per each mcf used by the customer. It is designed to recover the cost of operating the utility.

Customer charge: a minimum monthly charge not based on usage that is designed to recover costs associated with maintaining the customer.

Rate classification: the segregation of customers into classes such as residential, commercial and industrial. Rates are designed by classification.

Transportation service: if feasible the utility may be able to provide transportation service to customers who elect to purchase their own gas supply. The small gas company would need to have a transportation tariff. Under this service the small gas company is only delivering the gas.

Company production: the gas that comes from company-owned wells and is used to provide service to customers. Company production is typically included in the company's plant in service. If the company uses a GCR, their GCR does not include company production. Some companies have sold all of their company production to an affiliated company. In this case, the company production is no longer part of plant in service. The production is purchased from the affiliate by the small gas company. Gas purchased this way is subject to an affiliated interest agreement and is recoverable through a GCR.

Affiliate: Basically, two or more companies with common ownership. A detailed description can be found in Chapter 21 of Title 66 of the PA Code. If an owner of a small gas company also owns a gas drilling company, the two companies are affiliated

Affiliated Interest Agreement: If a company has a contract with an affiliate, the company must submit an affiliated interest agreement to the Commission for approval. This agreement details the relationship and terms between the affiliates.

