

CAPTION SHEET

CASE MANAGEMENT SYSTEM

- 1. REPORT DATE: 00/00/00
- 2. BUREAU: FUS
- 3. SECTION(S):
- 5. APPROVED BY: DIRECTOR: SUPERVISOR:
- 6. PERSON IN CHARGE:
- 8. DOCKET NO: R-00061833
- 4. PUBLIC MEETING DATE: 00/00/00
- 7. DATE FILED: 09/29/06
- 9. EFFECTIVE DATE: 12/01/06

PARTY/COMPLAINANT: PUC

RESPONDENT/APPLICANT: PECO ENERGY COMPANY

COMP/APP COUNTY:

UTILITY CODE: 110550

ALLEGATION OR SUBJECT

PECO ENERGY COMPANY FILED SUPPLEMENT NUMBER 62 TO TARIFF GAS PAPUC NUMBER 2 EFFECTIVE DECEMBER 1, 2006, FOR THEIR UNIVERSAL SERVICE FUND CHARGE, SECTION 1307 MECHANISM.

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OCT 04 2006



PECO.

An Exelon Company

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Director
Rates & Regulatory Affairs

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PECO Energy Company
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Philadelphia, PA 19103

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RECEIVED

September 29, 2006

SEP 29 2006

Mr. James McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

R-00061833

Subject: Tariff Gas – PA P.U.C No. 2 Supplement No. 62 Issued
September 29, 2006 – Effective December 1, 2006 –
Universal Service Fund Charge - Section 1307 Mechanism

DOCUMENT
FOLDER

Dear Mr. McNulty:

PECO Energy Company encloses for filing with the Commission an original and eight copies of Supplement No. 62, Tariff Gas No. 2 and the information required under 52 Pa. Code, Section 53.52(a).

The purpose of this filing is to replace the Universal Service Fund Charge (USFC), or "USFC," page with a more detailed description of the USFC and to implement the charge effective December 1, 2006. The authorization for instituting the Gas USFC recovery mechanism is found in Paragraph 36 of the Joint Petition for Settlement in the Company's application for approval of the Unicom merger approved by the Commission's Order of June 22, 2000 at Docket No. A-110550F0147.

Please acknowledge receipt of the foregoing on the enclosed copy of this letter. A business reply envelope is enclosed for your convenience.

Sincerely,

w/enclosures

- cc: C. Walker-Davis, Esquire, Director - Office of Special Assistants
- R. A. Rosenthal, Director, Bureau of Fixed Utility Services
- R. F. Wilson, Bureau of Fixed Utility Services
- J. E. Simms, Director, Office of Trial Staff
- T. E. Sheets, Director, Bureau of Audits
- Office of Consumer Advocate
- Office of Small Business Advocate
- McNees, Wallace & Nurick
- R. E. Wallace, Bureau of Audits
- D. P. Dougherty, Bureau of Audits

50

R-00061833

PECO Energy
Proposed Changes to Gas Service Tariff No. 2 Supplement No. 62

Information furnished with the filing of rate changes under 52 Pa. Code, Section 53.52

(a)(1) The specific reason for each change.

The reason for this tariff filing is to replace the Universal Service Fund Charge (USFC), or "USFC," page with a more detailed description of the USFC and to implement the charge effective December 1, 2006. The authorization for instituting the Gas USFC recovery mechanism is found in Paragraph 36 of the Joint Petition for Settlement in the Company's application for approval of the Unicom merger approved by the Commission's Order of June 22, 2000 at Docket No. A-110550F0147 (Attachment No. 1). Paragraph 36 provides that for every gas CAP customer exceeding 17,500 the Company may collect \$200 annually (prorated for partial year participants).

Paragraph 36, providing for a Gas USFC mechanism, is a mirror image of Paragraph 35 providing for an Electric USFC mechanism except for the threshold of CAP customers needed to be reached before recovery can begin and the amount of recovery per CAP customer (Attachment No. 1). Consequently, the Gas USFC replacement tariff page is patterned after and very similar to PECO's Electric USFC recovery tariff provisions, which were authorized by Paragraph 35 of the abovementioned Unicom settlement and which were subsequently approved in the Commission's Order of July 27, 2004 at Docket No. R-00038535.

Paragraph 36 of the Unicom Merger Settlement states, in part, "The \$200 per customer per year amount will remain in effect until the Company's next base rate case, will not be challenged in Section 1307 proceedings, and will be deemed acceptable for the purpose of 1307 audits."

For the purposes of clarity, enclosed, as Attachment 2 is a black-line version of the original USFC tariff page that shows the specific Changes proposed in this filing.

(a) (2) The total number of customers served by the utility.

As of August 31, 2006, PECO served 475,055 gas customers.

(a) (3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.

As of August 31, 2006, the number of residential customers (Rate GR) whose bills will be affected is 433,709.

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(a) (4) The effect of the change on the utility's customers.

Approval of these specific rules for calculating the USFC will result in the application of the USFC to residential (Rate GR) distribution rates, effective December 1, 2006. The application of this charge to the residential class exclusively is based on traditional cost causation rate principles and is consistent with the application of the Electric USFC charges. The annual amount to be collected is \$498,200 for the 12 months ended November 30, 2007. Please refer to the calculations shown on Attachment No. 3. The monthly increase for a residential customer using 10 MCF would be \$0.13, or 0.10% (See Attachment No. 4).

(a) (5) The effect, whether direct or indirect, of the proposed change on the utility's revenue and expenses.

The Merger Settlement provides for incremental collection of \$200 annually/CAP customer exceeding 17,500 customers, via an increase to Variable Distribution Charges. This amount is the agreed upon cost recovery for incremental annual cost of each CAP customer in excess of 17,500 and will result in the collection of \$498,200 over the 12 month period ended November 30, 2007, subject to future Section 1307(e) reconciliation. *This initial filing has no reconciliation since the charge is prospective in nature, and therefore is being made on 60 days notice to the Commission.*

(a) (6) The effect of the change on the service rendered by the utility.

There are no changes in service.

(a) (7) A list of factors considered by the utility.

As of March 2006, the total number of CAP customers has exceeded the 17,500 threshold level provided for in the Unicom Merger Settlement and as of September 1, 2006 stands at 19,991.

The mechanics of the USFC mechanism will use straightforward Section 1307 reconciliation principles. Specifically, the USFC calculation will be based upon a twelve-month collection period ending November. USFC filings will include a reconciliation or "E" factor element designed to calculate a rate that will allow the Company to true-up the net over/under-collection from the prior twelve month period and a projected period or "C" factor designed to recover projected Universal Service Fund Cost during the next 12 month collection period. Due to the requirements of 1307(e) the Company is proposing the annual reconciliation filing be made August 1 and contain actual data through July. Prior to the mandated public hearing to be scheduled within 60 days of the filing, the Company will provide an updated filing, which will reflect actual data through September 1. The level of CAP customers at September 1 will be used for *estimating the recoverable amount in the future period ("C" Factor). Billing determinants*

(MCF's) used to calculate the rate shall be the projected residential throughput used in the Annual Purchased Gas Cost (PGC) process.

The new annual USFC rate shall be placed into effect on December 1 of each year by adjusting the variable distribution rate, at the same time as other rate changes approved by the Commission in the annual PGC process. This timing should minimize customer confusion by synchronizing the timing of customer notice for the rate change that becomes effective on December 1 resulting from the PGC proceeding.

(a) (8) Studies undertaken by the utility in order to draft its proposed change.

Not applicable.

(a) (9) Customer polls taken and other documents, which indicate customer acceptance and desire for the proposed change.

The Company has not undertaken any customer polls; however, the Unicom Merger Settlement, included as Attachment No. 1, Paragraph 36, provides confirmation of approved USFC recovery procedures.

(a) (10) Plans that the utility has for introducing or implementing the changes with respect to its customers.

The Company believes that since the proposal for the USFC was contained in the Unicom Merger Settlement, the general notice provisions have been satisfied. Therefore, the Company is now requesting the Commission's permission to notice affected customers after each annual rate change becomes effective, at the same time and in the same manner customers are noticed of other annual rate changes from the PGC proceeding. This proposed notice procedure would be consistent with the Electric USFC notice process.

a) (11) F.C.C., or FERC or Commission orders or rulings applicable to the filings.

The following Commission rulings are applicable to this filing:

Unicom merger application approved by the Commission's Order of June 22, 2000 at Docket No. A-110550F0147 (see Attachment No. 1, Paragraph 36)



PECO ENERGY COMPANY

GAS SERVICE TARIFF

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 6.

Issued: September 29, 2006

Effective: December 1, 2006

ISSUED BY: D. P. O'BRIEN - President
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19101

NOTICE.

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LIST OF CHANGES MADE BY THIS SUPPLEMENT

Provided a more detailed description of the USFC and implement the charge effective December 1, 2006.

PECO Energy Company

PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC)

Variable Distribution Service Charge rates for gas service in Residential Rate Schedule GR of this Tariff shall include \$0.0130 per Mcf (1,000 cubic feet) for recovery of Universal Service Fund Cost (USFC), calculated in the manner set forth below. The USFC rate for gas service may be increased or decreased annually, to reflect changes in the level of Universal Service Fund costs, in the manner described below: (C)

COMPUTATION OF USFC.

The USFC per Mcf, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below: (C)

$$\text{USFC} = \frac{(C-E)}{(S)}$$

The USFC, so computed, shall be included in distribution rates charged to Customers for service pursuant to the rate schedule identified above. The amount of USFC, per Mcf, will vary, if appropriate, based upon annual filings by the Company. (C)

In computing the USFC, per Mcf, pursuant to the formula above, the following definitions shall apply: (C)

"Universal Service Fund Cost" – \$200 per Customer Assistance Program (CAP) Customer per year (pro-rated basis) for incremental CAP customers in excess of 17,500. (C)

"USFC" – Universal Service Fund Charge determined to the nearest one-hundredth cent (0.01¢) to be included in the rate for each Mcf of Variable Distribution Service Charge calculated under Rate Schedule GR, to recover Universal Service Fund Costs. (C)

"C" - Cost in dollars of the Universal Service Fund Cost for the projected period. Such amount will be based on the actual number of CAP customers at the end of the "E" factor period. (C)

"E" - the net (overcollection) or undercollection of Universal Service Fund Charges. The net overcollection or undercollection shall be determined for the most recent period, beginning with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. (C)

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous USFC.

Interest shall be computed monthly at a 6% annual simple interest rate from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. Customers shall not be liable for net interest otherwise due the Company under this calculation.

"S" - projected Mcf of gas service to be billed under Rate GR during the projected period when rates will be in effect. Mcf's shall be the projected residential throughput used in the current applicable annual Purchased Gas Cost filing. (C)

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECONCILIATION.

The Company's annual USFC filing and its annual reconciliation statement shall be submitted to the Commission 90 days prior to new rates being effective December 1 of each year, or at such time as the Commission may prescribe. The USFC mechanism is subject to annual audit review by the Bureau of Audits. (C)

(C) Denotes Change

ATTACHMENT 1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

APPLICATION OF PECO ENERGY :
COMPANY, PURSUANT TO CHAPTERS :
11, 19, 21, 22 AND 28 OF THE PUBLIC :
UTILITY CODE, FOR APPROVAL :
OF (1) A PLAN OF CORPORATE :
RESTRUCTURING, INCLUDING THE : APPLICATION
CREATION OF A HOLDING COMPANY : DOCKET NO. A-110550F0147
AND (2) THE MERGER OF THE NEWLY :
FORMED HOLDING COMPANY AND :
UNICOM CORPORATION :

JOINT PETITION FOR SETTLEMENT

March 23, 2000

remains an open enrollment program for all eligible customers with a provisional maximum participation level of 125,000 customers subject to revision and adjustment in consultation with the LIURP Advisory Committee when that level is reached.

35. In the event that Electric CAP Rate enrollment reaches 90,000 customers, the cost credit recoverable in the Universal Service Fund Cost ("USFC") Section 1307 recovery mechanism for each CAP Rate customer in excess of 90,000 will be \$383 per year in order to recover revenue shortfalls from the CAP Rate discounts. The USFC mechanism will recover only the revenue shortfalls described above, and the Company relinquishes the right to recover administration, credit and collection costs, Uncollectible Accounts expenses, LIURP expense and similar costs related to the CAP program through the USFC mechanism. The \$383 per customer per year amount will remain in effect until the Company's next base rate case, will not be challenged in Section 1307 proceedings, and will be deemed acceptable for the purpose of Section 1307 audits. The annual recoverable amount will be calculated on the basis of the \$383 cost credit multiplied by the total number of electric customers over 90,000 enrolled in the CAP Rate program (prorated for partial year participants). The Joint Petitioners further agree that the Company will be permitted to recover the annual recoverable amount beginning January 1, 2002. Accordingly, this Section modifies the cost credit recovery calculation of the Section 1307 mechanism described in Paragraphs 33 and 34 of the 1998 Electric Restructuring Settlement.

36. In the event that Gas CAP Rate enrollment reaches 17,500 customers, the cost credit recoverable in the USFC Section 1307 recovery mechanism for each Gas CAP Rate customer in excess of 17,500 will be \$200 per year in order to recover revenue shortfalls from the

Gas CAP Rate discounts. The USFC mechanism will recover only the revenue shortfalls described above, and the Company relinquishes the right to recover administration, credit and collection costs, Uncollectible Accounts expenses, LIURP expense and similar costs related to the Gas CAP program through the USFC mechanism. The \$200 per customer per year amount will remain in effect until the Company's next base rate case, will not be challenged in Section 1307 proceedings, and will be deemed acceptable for the purpose of 1307 audits. The annual recoverable amount will be calculated on the basis of the \$200 cost credit multiplied by the total number of gas customers over 17,500 enrolled in the CAP Rate program (prorated for partial year participants). Except as modified herein, the Joint Petitioners further agree that Company will be permitted to recover the annual recoverable amount beginning June 30, 2002, in accordance with the Gas Restructuring Settlement at Docket No. R-00994787.

37. Additional electric and gas program costs for any new Universal Service programs, such as a "special needs" program (other than amounts committed above for 2001, 2002, and 2003 of \$1.3 million, \$1.3 million, and \$0.4 million, respectively), will be eligible to be recovered through the USFC Section 1307 recovery mechanism.

E. Environmental Provisions

38. Wind Block Program.

a. **Funding.** PECO agrees to contribute to Community Energy, Inc.

("CEI")¹¹ the sum of three and one-half million dollars (\$3,500,000.00) for its Pennsylvania Wind Energy Program, payable to CEI in the following four installments: the first one million dollar

¹¹ CEI is a Delaware corporation with its offices in Philadelphia and Doylestown, Pennsylvania. CEI's corporate mission is to develop and market renewable and clean energy options in a customer choice environment. The principal project of CEI at this time is "Pennsylvania Wind Energy," under which new wind turbines are constructed with the generation marketed in "blocks" to retail customers. The program has developed new wind facilities near Hazleton, Pennsylvania, that commenced commercial operation in

ATTACHMENT 2

PECO Energy Company

PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC)

PROVISIONS FOR RECOVERY OF USFC

~~In accordance with Paragraph "X" of the Commission approved Joint Petition for Comprehensive Settlement filed at Docket No. R-00094787, the Company will defer recovery of its universal service costs until June 30, 2002, at which time, provided the merger between PECO Energy and Unicom has been consummated, the Variable Distribution Service Charges for applicable service rates shall be adjusted pursuant to Paragraph 26 of the Commission approved Joint Petition for Settlement filed at Application Docket No. A-110359F0147.~~

Variable Distribution Service Charge rates for gas service in Residential Rate Schedule GR of this Tariff shall include \$0.0130 per Mcf (1,000 cubic feet) for recovery of Universal Service Fund Cost (USFC), calculated in the manner set forth below. The USFC rate for gas service may be increased or decreased annually, to reflect changes in the level of Universal Service Fund costs, in the manner described below: (C)

COMPUTATION OF USFC.

The USFC per Mcf, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below: (C)

$$\text{USFC} = \frac{\text{(C-E)}}{\text{(S)}}$$

The USFC, so computed, shall be included in distribution rates charged to Customers for service pursuant to the rate schedule identified above. The amount of USFC, per Mcf, will vary, if appropriate, based upon annual filings by the Company. (C)

In computing the USFC, per Mcf, pursuant to the formula above, the following definitions shall apply: (C)

"Universal Service Fund Cost" – \$200 per Customer Assistance Program (CAP) Customer per year (pro-rated basis) for incremental CAP customers in excess of 17,500. (C)

"USFC" – Universal Service Fund Charge determined to the nearest one-hundredth cent (0.01¢) to be included in the rate for each Mcf of Variable Distribution Service Charge calculated under Rate Schedule GR, to recover Universal Service Fund Costs. (C)

"C" - Cost in dollars of the Universal Service Fund Cost for the projected period. Such amount will be based on the actual number of CAP customers at the end of the "E" factor period. (C)

"E" - the net (overcollection) or undercollection of Universal Service Fund Charges. The net overcollection or undercollection shall be determined for the most recent period, beginning with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. (C)

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous USFC.

Interest shall be computed monthly at a 6% annual simple interest rate from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. Customers shall not be liable for net interest otherwise due the Company under this calculation.

"S" - projected Mcf of gas service to be billed under Rate GR during the projected period when rates will be in effect. Mcf's shall be the projected residential throughput used in the current applicable annual Purchased Gas Cost filing. (C)

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECONCILIATION.

The Company's annual USFC filing and its annual reconciliation statement shall be submitted to the Commission 90 days prior to new rates being effective December 1 of each year, or at such time as the Commission may prescribe. The USFC mechanism is subject to annual audit review by the Bureau of Audits.

(C)

(C) Denotes Change

Issued: July 21, 2000

Effective: July 1, 2000

ATTACHMENT 3

PECO Gas
Calculation of C-Factor 12/1/06 - 11/31/07

Calculation of C-Factor:

Actual Number of Gas CAP Customers September 1, 2006(a)	19,991
Less: Base CAP Customers	<u>-17,500</u>
Incremental CAP Customers for USFC	2,491
Annual Recovery per USFC Cap Customers	\$200

(C) Total USFC Recovery for C-Factor **\$498,200**

(S) Estimated Residential MCF Sales for C-Factor Period **38,346,000**

Calculation of USFC Effective 12/1/06: $\frac{(C)}{(S)}$ **0.0130**

(a) History

February 2006	17,401
March 2006	17,846
April 2006	18,084
May 2006	18,812
June 2006	19,671
July 2006	19,873
August 2006	19,934
September 2006	19,991

ATTACHMENT 4

PECO
 BILL COMPARISON with USFC at
 \$0.0130 MCF

Residential Rate GR - 10 MCF

	2007 Current*	2007 Current* w/ Proposed	Difference	
	Gas Rate	\$0.0130 MCF USFC Charge	(\$)	(%)
FIXED DISTRIBUTION CHARGE	\$ 7.20	\$ 7.20		
DISTRIBUTION CHARGE	\$ 28.10	\$ 28.23		
PGC (PURCHASED GAS COST)	\$ 101.20	\$ 101.20		
TOTAL BASE RATES	\$ 136.50	\$ 136.63	\$ 0.13	0.10%

Increase

* Current Gas Rates as of 9/1/06



PECO.

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Philadelphia, PA 19101-8699

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R-00061833

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OCT 02 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

October 2, 2006

Mr. James McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Subject: **REVISED** - Tariff Gas - PA P.U.C No. 2 Supplement No. 62 Issued
September 29, 2006 - Effective December 1, 2006 -
Universal Service Fund Charge - Section 1307 Mechanism

Dear Mr. McNulty:

PECO Energy Company encloses for filing with the Commission an original and eight copies of a **REVISION** to First Revised Page No. 33 to Supplement No. 62, Tariff Gas No. 2. The purpose of this revision is to clarify the calculation of the Universal Service Fund Charge (USFC) and is shown on the black line version we have enclosed with this filing.

Please acknowledge receipt of the foregoing on the enclosed copy of this letter. A business reply envelope is enclosed for your convenience.

Sincerely,

Brian D. Crowe

w/enclosures

DOCUMENT
FOLDER

- cc: C. Walker-Davis, Esquire, Director - Office of Special Assistants
- R. A. Rosenthal, Director, Bureau of Fixed Utility Services
- R. F. Wilson, Bureau of Fixed Utility Services
- J. E. Simms, Director, Office of Trial Staff
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- McNees, Wallace & Nurick
- R. E. Wallace, Bureau of Audits
- D. P. Dougherty, Bureau of Audits

SGM:amm

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R-00061833

Supplement No. 62
Gas-Pa. P.U.C. No. 2
First Revised Page No. 33
Superseding Original Page No. 33

PECO Energy Company

PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC)

Variable Distribution Service Charge rates for gas service in Residential Rate Schedule GR of this Tariff shall include \$0.0130 per Mcf (1,000 cubic feet) for recovery of Universal Service Fund Cost (USFC), calculated in the manner set forth below. The USFC rate for gas service may be increased or decreased annually, to reflect changes in the level of Universal Service Fund costs, in the manner described below:

(C)

COMPUTATION OF USFC.

The USFC per Mcf (\$x,xxx), shall be computed in accordance with the formula set forth below:

DOCUMENT
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(C)

$$USFC = \frac{(C-E)}{(S)}$$

The USFC, so computed, shall be included in distribution rates charged to Customers for service pursuant to the rate schedule identified above. The amount of USFC, per Mcf, will vary, if appropriate, based upon annual filings by the Company.

(C)

In computing the USFC, per Mcf, pursuant to the formula above, the following definitions shall apply:

(C)

"Universal Service Fund Cost" - \$200 per Customer Assistance Program (CAP) Customer per year (pro-rated basis) for incremental CAP customers in excess of 17,500.

(C)

"USFC" - Universal Service Fund Charge determined to the nearest one-hundredth cent (0.01¢) to be included in the rate for each Mcf of Variable Distribution Service Charge calculated under Rate Schedule GR, to recover Universal Service Fund Costs.

(C)

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(C)

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"S" - projected Mcf of gas service to be billed under Rate GR during the projected period when rates will be in effect. Mcf's shall be the projected residential throughput used in the current applicable annual Purchased Gas Cost filing.

(C)

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECONCILIATION.

The Company's annual USFC filing and its annual reconciliation statement shall be submitted to the Commission 90 days prior to new rates being effective December 1 of each year, or at such time as the Commission may prescribe. The USFC mechanism is subject to annual audit review by the Bureau of Audits.

(C)

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(C) Denotes Change

Issued: September 29, 2006

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Effective: December 1, 2006

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PECO Energy Company

PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC)

Variable Distribution Service Charge rates for gas service in Residential Rate Schedule GR of this Tariff shall include \$0.0130 per Mcf (1,000 cubic feet) for recovery of Universal Service Fund Cost (USFC), calculated in the manner set forth below. The USFC rate for gas service may be increased or decreased annually, to reflect changes in the level of Universal Service Fund costs, in the manner described below: (C)

COMPUTATION OF USFC.

The USFC per Mcf (~~\$x.xxx~~), shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below: (C)

$$\text{USFC} = \frac{(C-E)}{(S)}$$

The USFC, so computed, shall be included in distribution rates charged to Customers for service pursuant to the rate schedule identified above. The amount of USFC, per Mcf, will vary, if appropriate, based upon annual filings by the Company. (C)

In computing the USFC, per Mcf, pursuant to the formula above, the following definitions shall apply: (C)

"Universal Service Fund Cost" – \$200 per Customer Assistance Program (CAP) Customer per year (pro-rated basis) for incremental CAP customers in excess of 17,500. (C)

"USFC" – Universal Service Fund Charge determined to the nearest one-hundredth cent (0.01¢) to be included in the rate for each Mcf of Variable Distribution Service Charge calculated under Rate Schedule GR, to recover Universal Service Fund Costs. (C)

"C" - Cost in dollars of the Universal Service Fund Cost for the projected period. Such amount will be based on the actual number of CAP customers at the end of the "E" factor period. (C)

"E" - the net (overcollection) or undercollection of Universal Service Fund Charges. The net overcollection or undercollection shall be determined for the most recent period, beginning with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. (C)

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous USFC.

Interest shall be computed monthly at a 6% annual simple interest rate from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. Customers shall not be liable for net interest otherwise due the Company under this calculation.

"S" - projected Mcf of gas service to be billed under Rate GR during the projected period when rates will be in effect. Mcf's shall be the projected residential throughput used in the current applicable annual Purchased Gas Cost filing. (C)

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECONCILIATION.

The Company's annual USFC filing and its annual reconciliation statement shall be submitted to the Commission 90 days prior to new rates being effective December 1 of each year, or at such time as the Commission may prescribe. The USFC mechanism is subject to annual audit review by the Bureau of Audits. (C)

(C) Denotes Change

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Issued: September 29, 2006

Effective: December 1, 2006

OCT 02 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



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Philadelphia, PA 19103

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DOCUMENT
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NOV 28 2006

November 28, 2006

Mr. James McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

RE: Purchased Gas Cost No. 23 Compliance Filing (Docket No. R-00061501)
Including Quarterly Adjustment and the Rate GR Tariff Reflecting the Universal Service Fund Charge
(Docket No. R-00061833)

PECO - Gas Tariff No. 2, Supplement No. 63
Effective December 1, 2006

Dear Mr. McNulty:

This letter transmits for filing with the Commission eight copies of the following:

- PECO's Gas Tariff Supplement No. 63 to implement PGC No. 23, including a quarterly adjustment to the Commodity Charge (CC), the Gas Cost Adjustment Charge (GCA) and the Balancing Service Cost (BSC);
- Related changes to Rate CGS - City Gate Service, Firm and Interruptible Supply Reservation Charges and the Off-System Sales Sharing Mechanism;
- Rate GR - General Service - Residential to reflect the Universal Service Fund Charge as approved by the Pennsylvania Public Utility Commission

"Redlined" versions of the tariff pages are also included.

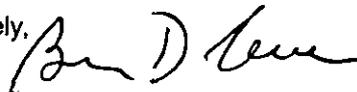
This filing also includes:

1. Attachment A - Calculation and derivation of the new PGC rates: CC and GCA;
2. Attachment B - Calculation and derivation of the new PGC rate: BSC;
3. Attachment C - Projected PGC fuel costs for the thirteen months ended November 2007.

Please direct any questions with regard to the above to Anthony DiFelice at (215) 841-6357.

Would you please acknowledge the foregoing on the enclosed copy of this letter.

Sincerely,



cc: C. Walker-Davis, Director, Office of Special Assistants
T. E. Sheets, Director, Bureau of Audits
J. E. Simms, Director, Office of Trial Staff
Office of Consumer Advocate
Office of Small Business Advocate
McNees, Wallace & Nurick
C. T. Weakley, Office of Trial Staff

PECO ENERGY COMPANY

DOCUMENT
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GAS SERVICE TARIFF

DOCKETED

DEC 01 2006

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19101

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NOV 28 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

For List of Communities Served, See Page 6.

Issued: November 28, 2006

Effective: December 1, 2006

ISSUED BY: D. P. O'BRIEN - President
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19101

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Issued November 28, 2006

Effective December 1, 2006

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NOV 28 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S OFFICE

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Sales Service Costs - (SSC) (24th Revised Page No. 34 and 10th Revised Page No. 35)

The Commodity Charge in this provision is increased. The Gas Cost Adjustment Charge is decreased. The off-system sales provision is extended through March 31, 2008.

Balancing Service Costs - (BSC) (24th Revised Page No. 37)

The Balancing Service Cost in this provision is increased.

Rate GR – General Service Residential – (6th Revised Page No. 41)

The Universal Service Fund Charge from Supplement No. 62, issued September 29, 2006, is incorporated in the Variable Distribution Charge.

Rate CGS- City Gate Sales Service – 13th Revised Page No. 60

The Firm Supply Reservation Charge is increased. The Interruptible Supply Reservation Charge is increased.

PECO Energy Company

SALES SERVICE COSTS (SSC) - Section 1307(f)**PROVISIONS FOR RECOVERY OF GAS COSTS RELATED TO SALES SERVICE**

Rates for all Sales Service gas supplied under Rate Schedules GR, CAP, GC, OL, L and MV-F, and under the Excess Off-Peak Use Rider of this Tariff shall include the Commodity Charge (CC) at **\$9.0696** per Mcf (1,000 cubic feet) for recovery of gas costs related to Sales Service, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. In addition, the Gas Cost Adjustment Charge (GCA) in the amount of **\$0.1091** per Mcf will be applicable to Customers served under the above mentioned Rate Schedules. Such rates for Sales Service gas shall be increased or decreased, from time to time, as provided by Section 1307(f) of the Public Utility Code and the Commission's regulations, to reflect changes in the level of recovery of gas costs related to Sales Service. (I) (D)

COMPUTATION OF CC AND GCA PER MCF.

The CC and GCA, per Mcf, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formulas set forth below:

$$CC = \frac{(C)}{(S)} \times \frac{1}{(1-T)} \quad ; \text{ and}$$

$$GCA = \frac{(E)}{(S)} \times \frac{1}{(1-T)}$$

For March 1, June 1 and September 1 quarterly updates, CC is revised to:

$$CC = (CC1 + \frac{O + C1}{S1 \ S2} \times \frac{1}{(1-T)})$$

The CC and GCA so computed, shall be applicable to Customers receiving Sales Service pursuant to the rate schedules identified above. The CC and GCA, per Mcf, will vary, if appropriate, based upon annual filings by the Company pursuant to Section 1307(f) of the Public Utility Code and such supplemental filings as may be required or be appropriate under Section 1307(f) or the Commission's regulations adopted pursuant thereto.

In computing the Charges, per Mcf, pursuant to the formulas above, the following definitions shall apply:

"CC" - Purchased Gas Costs determined to the nearest one-hundredth cent (0.01¢) to be charged for each Mcf of Sales Service gas supplied under Rate Schedules GR, CAP, GC, OL, L and MV-F, and under the Excess Off-Peak Use Rider of this Tariff.

"C" - Cost in dollars: (a) for all types of purchased gas, project the commodity and all non-storage interstate pipeline costs for each purchase (adjusted for net current gas stored) for the projected period when rates will be in effect; plus (b) the cost of gas provided from storage and LNG facilities, less (c) all reservation and commodity revenue, received from Rate CGS sales and (d) the new monthly cash-out result determined pursuant to Rule 10.11.3, or the successor thereto, of the Gas Choice Supplier Coordination Tariff.

"C1" - defined as the difference between the current projection of "C" and the projection of "C" used to establish the rates effective December 1 for the period starting with the month of the effective date of the quarterly rate change through the end of the PGC period.

"CC1" - defined as the Commodity Charge rate effective December 1 of the current PGC period.

"O" - defined as the difference between the current net over/under collections and the associated projected net over/under collections from the applicable PGC rate calculation, as defined by Commodity Charge revenues less associated gas costs, from December 1 of the current PGC year through the end of the month before the applicable quarterly rate change.

GCA - the "E" factor component of the CC, representing the net overcollection or undercollection of Purchased Gas Costs. Applicable to Sales Service and determined to the nearest one-hundredth cent (0.01¢) for service provided under Rate Schedules GR, GC, CAP, OL, L, MV-F, and the Excess Off-Peak Use Rider of this Tariff.

"E" - the net (overcollection) or undercollection of Purchased Gas Costs applicable to the CC.

The net overcollection or undercollection shall be determined for the most recent period permitted under law, which shall begin with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. The annual filing date shall be the date specified by the Commission for the Company's Section 1307(f) tariff filing.

Supplier refunds received after July 1, 2001 associated with Commodity Charges will be included in the calculation of "E" with interest added at the annual rate of six percent (6%) beginning with the month such refund is received by the Company.

(I) Denotes Increase

(D) Denotes Decrease

PECO Energy Company

SALES SERVICE COSTS (SSC) - Section 1307 (f) - Continued

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous 1307(f) GCA.

Interest shall be computed monthly at the rate as provided for in Section 1307(f) of the Public Utility Code from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. The annual interest rate to be applied for net undercollections will be six percent (6%) and eight percent (8%) for net overcollections.

"S" - projected Mcf of gas to be billed to Customers receiving Sales Service under Rate Schedules GR, GC, CAP, OL, L & MV-F and Excess Off-Peak Use Rider during the projected period when rates will be in effect.

"S1" - defined as the applicable twelve month mcf sales billed to customers receiving Sales Service under Rate Schedules GR, GC, CAP, OL, L, MV-F and Excess Off-Peak Use Rider.

"S2" - defined as mcf sales billed to customers receiving Sales Service under Rate Schedules GR, GC, CAP, OL, L, MV-F and Excess Off-Peak Use Rider for the period starting with the month of the effective date of the quarterly rate change through the end of the PGC period.

"T" - the portion of any applicable state gross receipts tax rate recovered through base rates, expressed as a decimal. The tax rate, if any, shall be the one in effect when the computation is made.

"Purchased Gas Costs" - Include the direct costs paid by the Company for the purchase and delivery of natural gas (which also includes liquefied natural gas, synthetic natural gas, and natural gas substitutes, excluding propane, the cost of which is included in the Balancing Service Costs) to its system to supply its Customers (plus such portion of the Company's used and unaccounted for gas as the Commission permits), including costs paid under agreements to purchase natural gas from sellers; costs paid for transporting natural gas to its system; all charges, fees, taxes and rates paid in connection with such purchases, pipeline gathering, and transportation; and costs paid for employing futures, options and other risk management tools.

QUARTERLY UPDATES

The Company's rates for recovery of gas costs related to Sales Service are also subject to quarterly adjustments under procedures set forth in Section 1307 (f) of the Public Utility Code and in the Commission's regulations. Such updates shall reflect, adjustments for under or overcollections and, adjustments to the projected cost of gas related to Sales Service based upon more current versions of the same sources of data and using the same methods to project the gas costs related to Sales Service approved by the Commission in the Company's most recent annual proceeding for recovery of gas costs related to Sales Service under section 1307 (f).

OFF-SYSTEM SALES SHARING MECHANISM

The rate for Sales Service gas as determined above shall be adjusted to reflect the operation of the off-system sales sharing mechanism set forth herein. Revenues received by PECO Energy from third party storage management services and revenues from exchanges or swaps of gas, excluding the Customer's share of such revenue attributable to use or management of storage or related storage transportation capacity by customers not connected to the Company's system (which revenue shall be included in the Balancing Service Costs E factor, shall be included as off-system sales revenues). Effective April 1, 2001 through March 31, 2008 and thereafter until terminated or otherwise revised by final Order of the Commission, PECO Energy will be permitted to retain 25% of off system sales margin revenues up to the first \$3.5 million in margin revenues, and PECO Energy will be permitted to retain 30% of off system sales margin revenues for margin revenues over \$3.5 million. PECO Energy's share shall be computed on a pre-income tax basis, "below the line" for ratemaking purposes. The remaining off-system sales margin will be credited to the recovery of purchased gas costs. Margin revenues derived from sales of gas which is taken from system supply are defined as the unit revenue less the monthly weighted average commodity cost of gas, less any applicable taxes other than income taxes. Margin revenues derived from specific purchase sales (sales where a specific gas supply has been purchased to make a sale) shall be defined as the unit revenue less the specific purchase commodity cost of gas, less any applicable taxes other than income taxes. Specific purchase sales will have no impact on the cost of system supply. Off-system sales for operational purposes such as for meeting mandatory storage withdrawals are excluded from the mechanism. The calculations under this mechanism shall be subject to audit and to review in annual 1307(f) proceedings.

(C)

(C) Denotes Change

PECO Energy Company

Superseding Twenty Third Revised Page No. 37

BALANCING SERVICE COSTS (BSC)- Section 1307(f)

PROVISIONS FOR RECOVERY OF BALANCING SERVICE COSTS

Distribution rates for Balancing Service for all gas delivered under Rate Schedules GR, CAP, GC, OL, L and MV-F, and under the Excess Off-Peak Use Rider of this Tariff shall be charged at **\$0.4845** per Mcf (1,000 cubic feet) for recovery of those costs, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. Such rates for Balancing Service shall be increased or decreased, from time to time, as provided by Section 1307(f) of the Public Utility Code and the Commission's regulations, to reflect changes in the level of recovery of Balancing Service Costs.

(I)

COMPUTATION OF BALANCING SERVICE COSTS PER MCF

Balancing Service Costs, per Mcf, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$BSC = \frac{(C - E)}{(S)} \times \frac{1}{(1 - T)}$$

For March 1, June 1 and September 1 quarterly updates, the BSC is revised to:

$$BSC = \frac{(CC1 + \frac{O}{S1} + \frac{C1 - E}{S1}) \times \frac{1}{(1 - T)}}{S1}$$

Projected Balancing Service Costs, so computed, shall be charged to Customers for all gas delivered pursuant to the rate schedules identified above. The amount of those costs, per Mcf, will vary, if appropriate, based upon annual filings by the Company pursuant to Section 1307(f) of the Public Utility Code and such supplemental filings as may be required or be appropriate under Section 1307(f) or the Commission's regulations adopted pursuant thereto.

In computing the Balancing Service Costs, per Mcf, pursuant to the formula above, the following definitions shall apply:

"BSC" - Balancing Service Costs determined to the nearest one-hundredth cent (0.01¢) to be charged to each Mcf of gas delivered under Rate Schedules GR, GC, OL, L and MV-F, and under the Excess Off-Peak Use Rider of this Tariff.

"C" - Cost in dollars: for all types of storage and related services, project the cost for the projected period when rates will be in effect.

"C1" - defined as the difference between the current projection of "C" and the projection of "C" used to establish the rates effective December 1 for the period starting with the month of the effective date of the quarterly rate change through the end of the PGC period.

"CC1"- defined as the rate associated with "C" effective December 1 of the current PGC period.

"O" - defined as the difference between the current net over/under collections and the associated projected net over/under collections from the applicable PGC rate calculation, as defined by storage and related services revenues less associated storage and related services costs from December 1 of the current PGC year through the end of the month before the applicable quarterly rate change.

"E" - the net overcollection or undercollection of Balancing Service Costs.

The net overcollection or undercollection shall be determined for the most recent period permitted under law, which shall begin with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. The annual filing date shall be the date specified by the Commission for the Company's Section 1307(f) tariff filing.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous Balancing Service Costs Rate.

Interest shall be computed monthly at the rate as provided for in Section 1307(f) of the Public Utility Code from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. The annual interest rate to be applied for net under collections will be six percent (6%) and eight percent (8%) for net overcollections.

As otherwise described in the Sales Service Costs section "Off-System Sales Sharing Mechanisms", the portion of margin revenue attributable to certain balancing assets shall be included in the calculation of "E".

Supplier refunds received prior to July 1, 2001 will be included in the calculation of "E" with interest added at the annual rate of six per cent (6%) beginning with the month such refund is received by the Company.

"S" - projected Mcf of gas to be delivered to Customers during the projected period when rates will be in effect.

"S1" - defined as the applicable twelve month mcf of gas to be delivered to customers.

"T" - the portion of any applicable state gross receipts tax rate recovered through base rates, expressed as a decimal. The tax rate, if any, shall be the one in effect when the computation is made.

"S2" - defined as mcf sales delivered to customers for the period starting with the month of the effective date of the quarterly rate change through the end of the PGC period.

"T" - the portion of any applicable state gross receipts tax rate recovered through base rates, expressed as a decimal. The tax rate, if any, shall be the one in effect when the computation is made.

Balancing Service Costs - fixed and variable storage costs and the cost of propane to be charged to all customers served under Rate Schedules GR, GC, OL, L, MV-F and under the Excess Off-Peak Use Rider of this Tariff.

QUARTERLY UPDATES

The Company's rates for recovery of Balancing Service Costs are also subject to quarterly adjustments under procedures set forth in the Commission's regulations at 52.Pa. Code 53.64 (1) (5). Such updates shall reflect adjustments for under or over collections and adjustments to the projected cost of Balancing Services based upon more current versions of the same sources of data and using the same methods to project the Balancing Service Costs approved by the Commission in the Company's most annual proceeding for recovery of Balancing Service Costs under section 1307 (f) of the Public Utility Code.

(I) Denotes Increase

RATE GR - GENERAL SERVICE -RESIDENTIAL

AVAILABILITY.

Service to the dwelling of a single private family or to a multiple dwelling unit building consisting of two to five dwelling units for domestic requirements. Resale of gas and/or service provided by the Company under this rate is only allowed for those locations being served through a single meter prior to January 6, 1980.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION CHARGE: \$7.20 per month

VARIABLE DISTRIBUTION CHARGE: \$2.8232 per Mcf. (I)

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Charge.

STATE TAX ADJUSTMENT CLAUSE, TRANSITION SURCHARGE, COMMODITY CHARGE ("CC") (if customer receives Sales Service), GAS COST ADJUSTMENT CHARGE ("GCA"), BALANCING SERVICE COST ("BSC"), MIGRATION RIDER apply to this rate. The Consumer Education Charge is incorporated in the Variable Distribution Charge. The Universal Service Fund Charge is incorporated in the Variable Distribution Charge. (C)

CONTROLLED LOW PRESSURE SERVICE AND 2PSIG DELIVERY.

For those Customers served from medium or high pressure mains, low pressure delivery of gas at 12.2 inches of water column or 2psig will be provided upon request in lieu of the normal low pressure delivery. For these Customers multipliers of 1.03 will be applied to all meter readings for 12.2 inches of water column delivery and 1.14 for 2 psig delivery to recognize the additional volume of gas delivered.

BUDGET BILLING.

At the option of the Customer, budget billing is available in accordance with the provisions of Rule 16.5.

RULES AND REGULATIONS.

The Company's rules and regulations in effect from time to time where not inconsistent with any specific provisions hereof are a part of this rate schedule.

TERM OF CONTRACT.

The initial term for any contract shall be at least one year.

PAYMENT TERMS.

Standard.

(C) Denotes Change

(I) Denotes Increase

PECO Energy Company

RATE CGS - CITY GATE SALES SERVICE

AVAILABILITY

City Gate Sales Service is available in conjunction with the Company's gas transportation services (Rates TS-F and/or TS-I) upon execution of a City Gate Sales Service Agreement. Supplies from the Company's total gas acquisition pool are made available for purchase at the interstate pipeline delivery points (city gates), for redelivery to the Customer under the terms and conditions of the applicable transportation service(s).

QUALITY OF SERVICE

Firm: Customers electing firm service under this rate are not subject to interruption or proration except pursuant to Section 12 of the Rules and Regulations of this Tariff.

Interruptible: Customers electing interruptible service under this rate are subject to interruption from time to time as necessary to meet the demands of firm Customers. Under normal operating conditions, the Customer will be notified by 10:00 AM of the previous gas dispatch day of any interruption of service. Under emergency conditions, the Company may shorten this notice period and interrupt service at times other than the start of the gas dispatch day (10:00 AM).

BILLING

Acquisition Service Charge

\$47.50 per month.

Firm Supply Reservation Charge

\$16.26 per month per Mcf of firm demand. (I)

Interruptible Supply Reservation Charge

<u>Quarter</u>	<u>(\$/Mcf/Month)</u>	
December 1 - February 28	\$3.12	(D)
March 1 - May 31	\$3.14	(I)
June 1 - August 31	\$3.03	(I)
September 1 - November 30	\$3.26	(I)

Commodity Charge

A monthly rate, expressed in dollars per thousand cubic feet (\$/Mcf), which represents the weighted average commodity cost for the Company's total acquisition pool during the month of service. This rate is applied to the firm and interruptible usage at the Customer's location during the current billing month.

State Tax Adjustment Charge

Does not apply to this rate

DEMAND QUANTITIES

Firm Demand Quantity: The greater of: (a) the Customer's transportation contract quantity under Rate TS-F, or (b) the highest daily firm usage at the Customer's location at any time during the current billing month and previous twelve months.

Interruptible Demand Quantity: The highest daily Rate CGS interruptible usage at the Customer's location during the current billing month.

MINIMUM CHARGE

The minimum charge per month will be the Acquisition Service Charge, plus the applicable Supply Reservation Charge(s)

(Continued)

- (I) Denotes Increase
- (D) Denotes Decrease

PECO ENERGY COMPANY

GAS SERVICE TARIFF

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 6.

Issued: ~~November 28, 2006~~ September 29, 2006
2006

Effective: December 1,

ISSUED BY: D. P. O'BRIEN - President
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19101

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LIST OF CHANGES MADE BY THIS SUPPLEMENT

~~Provided a more detailed description of the USFC and implement the charge effective December 1, 2006.~~

Sales Service Costs - (SSC) (24th Revised Page No. 34 and 10th Revised Page No. 35)

The Commodity Charge in this provision is increased. The Gas Cost Adjustment Charge is decreased.

The off-system sales provision is extended through March 31, 2008.

Balancing Service Costs - (BSC) (24th Revised Page No. 37)

The Balancing Service Cost in this provision is increased.

Rate GR – General Service Residential – (6th Revised Page No. 41)

The Universal Service Fund Charge from Supplement No. 62, issued September 29, 2006, is incorporated in the Variable Distribution Charge.

Rate CGS- City Gate Sales Service – 13th Revised Page No. 60

The Firm Supply Reservation Charge is increased. The Interruptible Supply Reservation Charge is increased.

Issued - ~~November 28, 2006~~ September 29, 2006

Effective December 1, 2006

SALES SERVICE COSTS (SSC) - Section 1307(f)

PROVISIONS FOR RECOVERY OF GAS COSTS RELATED TO SALES SERVICE

Rates for all Sales Service gas supplied under Rate Schedules GR, CAP, GC, OL, L and MV-F, and under the Excess Off-Peak Use Rider of this Tariff shall include the Commodity Charge (CC) at ~~\$9.0696~~~~\$8.4299~~ per Mcf (1,000 cubic feet) for recovery of gas costs related to Sales Service, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. In addition, the Gas Cost Adjustment Charge (GCA) in the amount of ~~\$0.1091~~~~\$4.5478~~ per Mcf will be applicable (D)

to Customers served under the above mentioned Rate Schedules. Such rates for Sales Service gas shall be increased or decreased, from time to time, as provided by Section 1307(f) of the Public Utility Code and the Commission's regulations, to reflect changes in the level of recovery of gas costs related to Sales Service. (D)

COMPUTATION OF CC AND GCA PER MCF.

The CC and GCA, per Mcf, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formulas set forth below:

$$CC = \frac{(C)}{(S)} \times \frac{1}{(1-T)} \quad ; \text{ and}$$

$$GCA = \frac{(E)}{(S)} \times \frac{1}{(1-T)}$$

For March 1, June 1 and September 1 quarterly updates, CC is revised to:

$$CC = (CC1 + \frac{O + C1}{S1 \ S2}) \times \frac{1}{(1-T)}$$

The CC and GCA so computed, shall be applicable to Customers receiving Sales Service pursuant to the rate schedules identified above. The CC and GCA, per Mcf, will vary, if appropriate, based upon annual filings by the Company pursuant to Section 1307(f) of the Public Utility Code and such supplemental filings as may be required or be appropriate under Section 1307(f) or the Commission's regulations adopted pursuant thereto.

In computing the Charges, per Mcf, pursuant to the formulas above, the following definitions shall apply:

"CC" - Purchased Gas Costs determined to the nearest one-hundredth cent (0.01¢) to be charged for each Mcf of Sales Service gas supplied under Rate Schedules GR, CAP, GC, OL, L and MV-F, and under the Excess Off-Peak Use Rider of this Tariff.

"C" - Cost in dollars: (a) for all types of purchased gas, project the commodity and all non-storage interstate pipeline costs for each purchase (adjusted for net current gas stored) for the projected period when rates will be in effect; plus (b) the cost of gas provided from storage and LNG facilities, less (c) all reservation and commodity revenue, received from Rate CGS sales and (d) the new monthly cash-out result determined pursuant to Rule 10.11.3, or the successor thereto, of the Gas Choice Supplier Coordination Tariff.

"C1" - defined as the difference between the current projection of "C" and the projection of "C" used to establish the rates effective December 1 for the period starting with the month of the effective date of the quarterly rate change through the end of the PGC period.

"CC1" - defined as the Commodity Charge rate effective December 1 of the current PGC period.

"O" - defined as the difference between the current net over/under collections and the associated projected net over/under collections from the applicable PGC rate calculation, as defined by Commodity Charge revenues less associated gas costs, from December 1 of the current PGC year through the end of the month before the applicable quarterly rate change.

GCA - the "E" factor component of the CC, representing the net overcollection or undercollection of Purchased Gas Costs. Applicable to Sales Service and determined to the nearest one-hundredth cent (0.01¢) for service provided under Rate Schedules GR, GC, CAP, OL, L, MV-F, and the Excess Off-Peak Use Rider of this Tariff.

"E" - the net (overcollection) or undercollection of Purchased Gas Costs applicable to the CC.

The net overcollection or undercollection shall be determined for the most recent period permitted under law, which shall begin with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. The annual filing date shall be the date specified by the Commission for the Company's Section 1307(f) tariff filing.

Supplier refunds received after July 1, 2001 associated with Commodity Charges will be included in the calculation of "E" with interest added at the annual rate of six percent (6%) beginning with the month such refund is received by the Company.

(I) Denotes Increase
(D) Denotes Decrease

PECO Energy Company

SALES SERVICE COSTS (SSC) - Section 1307 (f) - Continued

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous 1307(f) GCA.

Interest shall be computed monthly at the rate as provided for in Section 1307(f) of the Public Utility Code from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. The annual interest rate to be applied for net undercollections will be six percent (6%) and eight percent (8%) for net overcollections.

"S" - projected Mcf of gas to be billed to Customers receiving Sales Service under Rate Schedules GR, GC, CAP, OL, L & MV-F and Excess Off-Peak Use Rider during the projected period when rates will be in effect.

"S1" - defined as the applicable twelve month mcf sales billed to customers receiving Sales Service under Rate Schedules GR, GC, CAP, OL, L, MV-F and Excess Off-Peak Use Rider.

"S2" - defined as mcf sales billed to customers receiving Sales Service under Rate Schedules GR, GC, CAP, OL, L, MV-F and Excess Off-Peak Use Rider for the period starting with the month of the effective date of the quarterly rate change through the end of the PGC period.

"T" - the portion of any applicable state gross receipts tax rate recovered through base rates, expressed as a decimal. The tax rate, if any, shall be the one in effect when the computation is made.

"Purchased Gas Costs" - Include the direct costs paid by the Company for the purchase and delivery of natural gas (which also includes liquefied natural gas, synthetic natural gas, and natural gas substitutes, excluding propane, the cost of which is included in the Balancing Service Costs) to its system to supply its Customers (plus such portion of the Company's used and unaccounted for gas as the Commission permits), including costs paid under agreements to purchase natural gas from sellers; costs paid for transporting natural gas to its system; all charges, fees, taxes and rates paid in connection with such purchases, pipeline gathering, and transportation; and costs paid for employing futures, options and other risk management tools.

QUARTERLY UPDATES

The Company's rates for recovery of gas costs related to Sales Service are also subject to quarterly adjustments under procedures set forth in Section 1307 (f) of the Public Utility Code and in the Commission's regulations. Such updates shall reflect, adjustments for under or overcollections and, adjustments to the projected cost of gas related to Sales Service based upon more current versions of the same sources of data and using the same methods to project the gas costs related to Sales Service approved by the Commission in the Company's most recent annual proceeding for recovery of gas costs related to Sales Service under section 1307 (f).

OFF-SYSTEM SALES SHARING MECHANISM

The rate for Sales Service gas as determined above shall be adjusted to reflect the operation of the off-system sales sharing mechanism set forth herein. Revenues received by PECO Energy from third party storage management services and revenues from exchanges or swaps of gas, excluding the Customer's share of such revenue attributable to use or management of storage or related storage transportation capacity by customers not connected to the Company's system (which revenue shall be included in the Balancing Service Costs E factor, shall be included as off-system sales revenues). Effective April 1, 2001 through March 31, 2007, and thereafter until terminated or otherwise revised by final Order of the Commission, PECO Energy will be permitted to retain 25% of off system sales margin revenues up to the first \$3.5 million in margin revenues, and PECO Energy will be permitted to retain 30% of off system sales margin revenues for margin revenues over \$3.5 million. PECO Energy's share shall be computed on a pre-income tax basis, "below the line" for ratemaking purposes. The remaining off-system sales margin will be credited to the recovery of purchased gas costs. Margin revenues derived from sales of gas which is taken from system supply are defined as the unit revenue less the monthly weighted average commodity cost of gas, less any applicable taxes other than income taxes. Margin revenues derived from specific purchase sales (sales where a specific gas supply has been purchased to make a sale) shall be defined as the unit revenue less the specific purchase commodity cost of gas, less any applicable taxes other than income taxes. Specific purchase sales will have no impact on the cost of system supply. Off-system sales for operational purposes such as for meeting mandatory storage withdrawals are excluded from the mechanism. The calculations under this mechanism shall be subject to audit and to review in annual 1307(f) proceedings.

(C)

(C) Denotes Change

PECO Energy Company

Superseding Twenty Third Second Revised Page No. 37

BALANCING SERVICE COSTS (BSC)- Section 1307(f)

PROVISIONS FOR RECOVERY OF BALANCING SERVICE COSTS.

Distribution rates for Balancing Service for all gas delivered under Rate Schedules GR, CAP, GC, OL, L and MV-F, and under the Excess Off-Peak Use Rider of this Tariff shall be charged at ~~\$0.4845~~~~\$0.4721~~ per Mcf (1,000 cubic feet) for recovery of those costs, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. Such rates for Balancing Service shall be increased or decreased, from time to time, as provided by Section 1307(f) of the Public Utility Code and the Commission's regulations, to reflect changes in the level of recovery of Balancing Service Costs. (I)

COMPUTATION OF BALANCING SERVICE COSTS PER MCF

Balancing Service Costs, per Mcf, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$BSC = \frac{(C - E)}{(S)} \times \frac{1}{(1 - T)}$$

For March 1, June 1 and September 1 quarterly updates, the BSC is revised to:

$$BSC = \frac{(CC1 + \frac{O}{S1} + \frac{C1 - E}{S1}) \times 1}{(1 - T)}$$

Projected Balancing Service Costs, so computed, shall be charged to Customers for all gas delivered pursuant to the rate schedules identified above. The amount of those costs, per Mcf, will vary, if appropriate, based upon annual filings by the Company pursuant to Section 1307(f) of the Public Utility Code and such supplemental filings as may be required or be appropriate under Section 1307(f) or the Commission's regulations adopted pursuant thereto.

In computing the Balancing Service Costs, per Mcf, pursuant to the formula above, the following definitions shall apply:

"BSC" - Balancing Service Costs determined to the nearest one-hundredth cent (0.01¢) to be charged to each Mcf of gas delivered under Rate Schedules GR, GC, OL, L and MV-F, and under the Excess Off-Peak Use Rider of this Tariff.

"C" - Cost in dollars: for all types of storage and related services, project the cost for the projected period when rates will be in effect.

"C1" - defined as the difference between the current projection of "C" and the projection of "C" used to establish the rates effective December 1 for the period starting with the month of the effective date of the quarterly rate change through the end of the PGC period.

"CC1" - defined as the rate associated with "C" effective December 1 of the current PGC period.

"O" - defined as the difference between the current net over/under collections and the associated projected net over/under collections from the applicable PGC rate calculation, as defined by storage and related services revenues less associated storage and related services costs from December 1 of the current PGC year through the end of the month before the applicable quarterly rate change.

"E" - the net overcollection or undercollection of Balancing Service Costs.

The net overcollection or undercollection shall be determined for the most recent period permitted under law, which shall begin with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. The annual filing date shall be the date specified by the Commission for the Company's Section 1307(f) tariff filing.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous Balancing Service Costs Rate.

Interest shall be computed monthly at the rate as provided for in Section 1307(f) of the Public Utility Code from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. The annual interest rate to be applied for net under collections will be six percent (6%) and eight percent (8%) for net overcollections.

As otherwise described in the Sales Service Costs section "Off-System Sales Sharing Mechanisms", the portion of margin revenue attributable to certain balancing assets shall be included in the calculation of "E".

Supplier refunds received prior to July 1, 2001 will be included in the calculation of "E" with interest added at the annual rate of six per cent (6%) beginning with the month such refund is received by the Company.

"S" - projected Mcf of gas to be delivered to Customers during the projected period when rates will be in effect.

"S1" - defined as the applicable twelve month mcf of gas to be delivered to customers.

"T" - the portion of any applicable state gross receipts tax rate recovered through base rates, expressed as a decimal. The tax rate, if any, shall be the one in effect when the computation is made.

"S2" - defined as mcf sales delivered to customers for the period starting with the month of the effective date of the quarterly rate change through the end of the PGC period.

"T" - the portion of any applicable state gross receipts tax rate recovered through base rates, expressed as a decimal. The tax rate, if any, shall be the one in effect when the computation is made.

Balancing Service Costs - fixed and variable storage costs and the cost of propane to be charged to all customers served under Rate Schedules GR, GC, OL, L, MV-F and under the Excess Off-Peak Use Rider of this Tariff.

QUARTERLY UPDATES

The Company's rates for recovery of Balancing Service Costs are also subject to quarterly adjustments under procedures set forth in the Commission's regulations at 52.Pa. Code 53.64 (1) (5). Such updates shall reflect adjustments for under or over collections and adjustments to the projected cost of Balancing Services based upon more current versions of the same sources of data and using the same methods to project the Balancing Service Costs approved by the Commission in the Company's most annual proceeding for recovery of Balancing Service Costs under section 1307 (f) of the Public Utility Code.

(I) Denotes Increase

RATE GR - GENERAL SERVICE -RESIDENTIAL

AVAILABILITY.

Service to the dwelling of a single private family or to a multiple dwelling unit building consisting of two to five dwelling units for domestic requirements. Resale of gas and/or service provided by the Company under this rate is only allowed for those locations being served through a single meter prior to January 6, 1980.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION CHARGE: \$7.20 per month

VARIABLE DISTRIBUTION CHARGE: ~~\$2.82322-8402~~ per Mcf. (ID)

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Charge.

STATE TAX ADJUSTMENT CLAUSE, TRANSITION SURCHARGE, COMMODITY CHARGE ("CC") (if customer receives Sales Service), GAS COST ADJUSTMENT CHARGE ("GCA"), BALANCING SERVICE COST ("BSC"), MIGRATION RIDER apply to this rate. The Consumer Education Charge is incorporated in the Variable Distribution Charge. The Universal Service Fund Charge is incorporated in the Variable Distribution Charge. (C)

CONTROLLED LOW PRESSURE SERVICE AND 2PSIG DELIVERY.

For those Customers served from medium or high pressure mains, low pressure delivery of gas at 12.2 inches of water column or 2psig will be provided upon request in lieu of the normal low pressure delivery. For these Customers multipliers of 1.03 will be applied to all meter readings for 12.2 inches of water column delivery and 1.14 for 2 psig delivery to recognize the additional volume of gas delivered.

BUDGET BILLING.

At the option of the Customer, budget billing is available in accordance with the provisions of Rule 16.5.

RULES AND REGULATIONS.

The Company's rules and regulations in effect from time to time where not inconsistent with any specific provisions hereof are a part of this rate schedule.

TERM OF CONTRACT.

The initial term for any contract shall be at least one year.

PAYMENT TERMS.

Standard.

(C) Denotes Change(I) Denotes Increase(D) Denotes Decrease

RATE CGS - CITY GATE SALES SERVICE

AVAILABILITY

City Gate Sales Service is available in conjunction with the Company's gas transportation services (Rates TS-F and/or TS-I) upon execution of a City Gate Sales Service Agreement. Supplies from the Company's total gas acquisition pool are made available for purchase at the interstate pipeline delivery points (city gates), for redelivery to the Customer under the terms and conditions of the applicable transportation service(s).

QUALITY OF SERVICE

Firm: Customers electing firm service under this rate are not subject to interruption or proration except pursuant to Section 12 of the Rules and Regulations of this Tariff.

Interruptible: Customers electing interruptible service under this rate are subject to interruption from time to time as necessary to meet the demands of firm Customers. Under normal operating conditions, the Customer will be notified by 10:00 AM of the previous gas dispatch day of any interruption of service. Under emergency conditions, the Company may shorten this notice period and interrupt service at times other than the start of the gas dispatch day (10:00 AM).

BILLING

Acquisition Service Charge

\$47.50 per month.

Firm Supply Reservation Charge

\$16.26-14.80 per month per Mcf of firm demand.

(D)

Interruptible Supply Reservation Charge

<u>Quarter</u>	<u>(\$/Mcf/Month)</u>
December 1 - February 28	\$3.12-3.67
March 1 - May 31	\$3.14-2.09
June 1 - August 31	\$3.03-2.42
September 1 - November 30	\$3.26-2.48

(D)

(D)

(I)

(D)

Commodity Charge

A monthly rate, expressed in dollars per thousand cubic feet (\$/Mcf), which represents the weighted average commodity cost for the Company's total acquisition pool during the month of service. This rate is applied to the firm and interruptible usage at the Customer's location during the current billing month.

State Tax Adjustment Charge

Does not apply to this rate

DEMAND QUANTITIES

Firm Demand Quantity: The greater of: (a) the Customer's transportation contract quantity under Rate TS-F, or (b) the highest daily firm usage at the Customer's location at any time during the current billing month and previous twelve months.

Interruptible Demand Quantity: The highest daily Rate CGS interruptible usage at the Customer's location during the current billing month.

MINIMUM CHARGE

The minimum charge per month will be the Acquisition Service Charge, plus the applicable Supply Reservation Charge(s)

(Continued)

- (I) Denotes Increase
- (D) Denotes Decrease

Issued November 28, 20065
20065

Effective December 1,



Attachment A

SSC

Statement 2

Page 1

Computation of Sales Service Cost Adjustment No. 23
 Application and Computation Period : 12 Months
 December 1, 2006 Through November 30, 2007

1. CC = Projected Commodity Cost of Gas	\$524,455,409	Pg. 2	\$9.0696 /Mcf
2. E = Experienced and Estimated Net Over/(Under)			
a. Commodity Cost Over / (Under)	(\$7,761,308)	Pg. 2	(\$0.1365) /Mcf
b. Rate IS Profit Monies	\$205,745	Pg. 5	\$0.0036 /Mcf
c. Net Interest on Item a	\$230,790	Pg. 6	\$0.0040 /Mcf
d. Supplier Refunds (Including Interest)	<u>\$1,125,230</u>	Pg. 8	<u>\$0.0198</u> /Mcf
Experienced Net Over/Under Collections - GCA	(\$6,199,543)		(\$0.1091) /Mcf
3. S = Projected Sales for Computation Period CC	57,825,930	mcf	
4. S = Projected Sales for Computation Period GCA	56,848,168	mcf	
GCA Charge / (Credit) to Customers	\$0.1091	/Mcf	

SSC

Statement 2 Page 2

Month	Gross Cost of Gas Excl. TOP (1)	Total Exclusions (2)	Net Cost of Gas (3) = (1) - (2)	Allocation Factor (4)	Recoverable Cost of Gas (5) = (3) x (4)	CC/GCA Revenues In Base (6)	Monthly Over/(Under) Collection (7) = (6) - (5)	Cumulative Total (8)
Balance - Nov. 30, 2004								(\$47,899,523)
Dec	\$84,527,165	\$1,978,640	\$82,548,525	1.0000	\$82,548,525	\$58,283,005	(\$24,265,520)	(\$72,165,043)
Jan '05	\$88,607,356	\$1,539,030	\$87,068,326	1.0000	\$87,068,326	\$83,516,082	(\$3,552,244)	(\$75,717,287)
Feb	\$71,521,986	\$1,068,897	\$70,453,089	1.0000	\$70,453,089	\$86,840,806	\$16,387,717	(\$59,329,570)
March	\$65,039,749	\$1,399,201	\$63,640,548	1.0000	\$63,640,548	\$81,644,260	\$18,003,712	(\$41,325,858)
April	\$33,188,536	\$1,226,606	\$31,961,930	1.0000	\$31,961,930	\$48,834,552	\$16,872,622	(\$24,453,236)
May	\$21,096,105	\$513,293	\$20,582,812	1.0000	\$20,582,812	\$24,596,215	\$4,013,403	(\$20,439,833)
June	\$13,263,092	\$353,968	\$12,909,124	1.0000	\$12,909,124	\$16,278,082	\$3,368,958	(\$17,070,875)
July	\$11,510,504	\$482,404	\$11,028,100	1.0000	\$11,028,100	\$11,666,334	\$638,234	(\$16,432,641)
Aug	\$11,319,769	\$186,010	\$11,133,759	1.0000	\$11,133,759	\$10,998,598	(\$135,161)	(\$16,567,802)
Sept	\$15,999,629	\$230,370	\$15,769,259	1.0000	\$15,769,259	\$11,889,759	(\$3,879,500)	(\$20,447,302)
Oct	\$40,680,354	\$338,136	\$40,342,218	1.0000	\$40,342,218	\$14,862,007	(\$25,480,211)	(\$45,927,513)
Nov	\$70,074,048	\$1,048,053	\$69,025,995	1.0000	\$69,025,995	\$34,906,660	(\$34,119,335)	(\$80,046,848)
12 Months	\$526,828,293	\$10,364,608	\$516,463,685		\$516,463,685	\$484,316,360	(\$32,147,325)	
12 Months - Nov. 30, 2006	\$578,004,740	\$9,068,175	\$568,936,565		\$568,936,565			

Statement 2 Page 2

Month	Gross Cost of Gas Excl. TOP (1)	Total Exclusions (2)	Net Cost of Gas (3) = (1) - (2)	Allocation Factor (4)	Recoverable Cost of Gas (5) = (3) x (4)	CC/GCA Revenues In Base (6)	Monthly Over/(Under) Collection (7) = (6) - (5)	Cumulative Total (8)
Balance - Nov. 30, 2005								(\$30,346,648)
Dec	\$125,853,058	\$1,646,556	\$124,206,502	1.0000	\$124,206,502	\$93,216,729	(\$30,989,773)	(\$61,336,421)
Jan '06	\$108,748,657	\$1,698,823	\$107,049,834	1.0000	\$107,049,834	\$124,901,997	\$17,852,163	(\$43,484,258)
Feb	\$91,623,476	\$1,294,878	\$90,328,598	1.0000	\$90,328,598	\$105,061,795	\$14,733,197	(\$28,751,061)
March	\$65,301,497	\$1,269,261	\$64,032,236	1.0000	\$64,032,236	\$108,260,452	\$44,228,216	(\$14,522,845)
April	\$28,665,996	\$752,554	\$27,913,442	1.0000	\$27,913,442	\$56,055,771	\$28,142,329	(\$6,059,716)
May	\$18,971,192	\$542,479	\$18,428,713	1.0000	\$18,428,713	\$27,267,483	\$8,838,770	\$2,758,054
June	\$14,351,882	\$231,489	\$14,120,393	1.0000	\$14,120,393	\$17,700,441	\$3,580,048	\$6,338,102
July	\$13,377,055	\$177,497	\$13,199,558	1.0000	\$13,199,558	\$14,443,138	\$1,243,580	\$7,581,682
Aug	\$15,471,461	\$136,223	\$15,335,238	1.0000	\$15,335,238	\$11,187,795	(\$4,147,443)	\$3,434,239
Sept	\$15,859,580	\$191,402	\$15,668,178	1.0000	\$15,668,178	\$11,874,897	(\$3,793,281)	(\$3,559,042)
Oct	\$26,899,252	\$81,527	\$26,817,725	1.0000	\$26,817,725	\$15,015,279	(\$11,802,446)	(\$15,361,488)
Nov (est)	\$52,881,634	\$1,045,486	\$51,836,148	1.0000	\$51,836,148	\$56,236,328	\$4,400,180	(\$7,161,308)
12 Months	\$578,004,740	\$9,068,175	\$568,936,565		\$568,936,565	\$641,222,105	\$72,285,540	
12 Months - Nov. 30, 2007	\$532,804,001	\$8,348,592	\$524,455,409		\$524,455,409			

Exclusions and Allocation Factor

Statement 2 Page 3

Month	Exclusions							Allocation Factor Calculation				
	cost of cgs gas (a) (1)	Cost of Reg IS Cust. Gas (a) (2)	Cost of Indiplt. IS Gas (a) (3)	Cost of TCS Gas (b) (4)	Cost of MV-I Gas (a) (5)	NYMEX Purchase Adjustment (6)	Total Exclusions (7)	Interdept. Firm Mcf (1)	CC Sales Mcf (2)	Total Applicable Sales Mcf (3) = (1) + (2)	Allocation Factor (4) = (2)/(3)	GCA Sales Mcf (5)
Dec	\$167,909	\$585,955	\$0	\$1,224,698	\$78	\$0	\$1,978,640	120	6,961,062	6,961,182	1.0000	6,975,691
Jan '05	\$160,671	\$72,625	\$0	\$1,304,448	\$1,286	\$0	\$1,539,030	224	10,107,336	10,107,560	1.0000	10,126,191
Feb	\$125,511	\$24,225	\$0	\$919,097	\$64	\$0	\$1,068,897	228	10,509,634	10,509,862	1.0000	10,530,188
March	\$124,452	\$126,615	\$0	\$1,148,054	\$80	\$0	\$1,399,201	245	9,693,149	9,693,394	1.0000	9,713,597
April	\$57,716	\$139,894	\$0	\$1,028,906	\$90	\$0	\$1,226,606	154	5,711,162	5,711,316	1.0000	5,724,408
May	\$7,728	\$24,480	\$0	\$479,842	\$1,243	\$0	\$513,293	8	2,876,493	2,876,501	1.0000	2,883,510
June	\$7,665	\$103,818	\$0	\$242,270	\$215	\$0	\$353,968	2	1,805,069	1,805,071	1.0000	1,808,702
July	\$7,000	\$340,667	\$0	\$133,582	\$1,155	\$0	\$482,404	10	1,235,997	1,236,007	1.0000	1,241,841
Aug	\$8,017	\$56,223	\$0	\$121,151	\$619	\$0	\$186,010	16	1,165,254	1,165,270	1.0000	1,170,754
Sept	\$6,878	\$32,376	\$0	\$190,629	\$497	\$0	\$230,370	23	1,233,268	1,233,291	1.0000	1,239,247
Oct	\$11,729	(\$66,179)	\$0	\$389,168	\$3,418	\$0	\$338,136	20	1,514,842	1,514,862	1.0000	1,518,553
Nov	\$14,219	\$46,135	\$0	\$987,699	\$0	\$0	\$1,048,053	76	3,557,992	3,558,068	1.0000	3,566,013
12 Months	\$699,495	\$1,486,834	\$0	\$8,169,544	\$8,735	\$0	\$10,364,608	1,126	\$6,371,258	\$6,372,384	1.0000	\$6,498,495
12 Months - Nov. 30, 2006	\$124,749	\$833,467	\$0	\$8,093,612	\$16,347	\$0	\$9,068,175	1,201	\$3,120,055	\$3,121,256	1.0000	\$3,132,500

(a) CGS, IS, Eddystone IS and MV-I Sales Volumes x Commodity Price Excl. TOP, CGS incl. Off-Peak Reservation Charge

(b) TCS Sales Volume x (Commodity Price Excl TOP + TCS Fixed Commodity Cost Component)

Exclusions and Allocation Factor

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Month	Exclusions							Allocation Factor Calculation				
	cost of cgs gas (a) (1)	Cost of Reg IS Cust. Gas (a) (2)	Cost of Indiplt. IS Gas (a) (3)	Cost of TCS Gas (b) (4)	Cost of MV-I Gas (a) (5)	NYMEX Purchase Adjustment (6)	Total Exclusions (7)	Interdept. Firm Mcf (1)	CC Sales Mcf (2)	Total Applicable Sales Mcf (3) = (1) + (2)	Allocation Factor (4) = (2)/(3)	GCA Sales Mcf (5)
Dec	\$18,215	\$8,079	\$0	\$1,620,262	\$0	\$0	\$1,646,556	146	8,053,803	8,053,949	1.0000	8,059,878
Jan '06	\$18,120	(\$2,742)	\$0	\$1,682,035	\$1,060	\$0	\$1,698,823	248	9,445,690	9,445,938	1.0000	9,456,667
Feb	\$15,195	\$217,717	\$0	\$1,061,333	\$633	\$0	\$1,294,878	123	7,945,171	7,945,294	1.0000	7,955,525
March	\$13,367	\$93,159	\$0	\$1,162,368	\$367	\$0	\$1,269,261	256	8,530,624	8,530,880	1.0000	8,541,675
April	\$9,231	\$28,399	\$0	\$714,397	\$527	\$0	\$752,554	161	4,558,880	4,559,041	1.0000	4,570,116
May	\$8,638	\$195,755	\$0	\$337,079	\$1,007	\$0	\$542,479	79	2,217,652	2,217,731	1.0000	2,222,672
June	\$8,723	(\$19,698)	\$0	\$242,000	\$424	\$0	\$233,489	33	1,510,430	1,510,463	1.0000	1,514,749
July	\$8,339	\$34,008	\$0	\$134,452	\$698	\$0	\$177,497	21	1,292,375	1,292,396	1.0000	1,295,874
Aug	\$8,922	\$33,279	\$0	\$93,426	\$596	\$0	\$136,223	21	1,001,142	1,001,163	1.0000	1,002,807
Sept	\$9,031	\$74,538	\$0	\$107,637	\$196	\$0	\$191,402	13	1,126,096	1,126,109	1.0000	1,129,481
Oct	\$6,968	(\$13,317)	\$0	\$88,670	\$226	\$0	\$81,527	24	1,561,872	1,561,896	1.0000	1,574,141
Nov (est)	\$0	\$184,920	\$0	\$849,953	\$10,613	\$0	\$1,045,486	76	5,876,320	5,876,396	1.0000	5,809,717
12 Months	\$124,749	\$833,467	\$0	\$8,093,612	\$16,347	\$0	\$9,068,175	1,201	\$3,120,055	\$3,121,256	1.0000	\$3,132,500
12 Months - Nov. 30, 2007	\$0	\$820,290	\$0	\$7,427,113	\$101,189	\$0	\$8,348,592	1,201	\$7,825,930	\$7,827,131	1.0000	\$6,848,168

(a) CGS, IS, Eddystone IS and MV-I Sales Volumes x Commodity Price Excl. TOP, CGS incl. Off-Peak Reservation Charge

(b) TCS Sales Volume x (Commodity Price Excl TOP + TCS Fixed Commodity Cost Component)

SSC

SSC Revenues

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	CC Appl. Sales In Month (1)	CC Gas Rates (Excl GRT) (2)	CC Revenues (3) = (1) x (2)	GCA Appl. Sales In Month (4)	Prior Pd. O/(U) Adjust. Rate (5)	Prior Pd. O/(U) Adjust. Revenue (6) = (4) x (5)	Total Revenues Recovered In Base Rates (7) = (3) + (6)
Dec bef 12/1	3,448,371	\$7.1392	\$24,618,610	3,455,618	\$1.3424	\$4,638,822	\$29,257,432
Dec aft 12/1	3,512,691	\$7.6628	\$26,917,049	3,520,073	\$0.5990	\$2,108,524	\$29,025,573
Jan '05 bef 12/1	-	\$7.1392	\$0	-	\$1.3424	\$0	\$0
Jan '05 aft 12/1	10,107,336	\$7.6628	\$77,450,494	10,126,191	\$0.5990	\$6,065,588	\$83,516,082
Feb	10,509,634	\$7.6628	\$80,533,223	10,530,188	\$0.5990	\$6,307,583	\$86,840,806
March	9,693,149	\$7.6709	\$74,355,177	9,713,597	\$0.7504	\$7,289,083	\$81,644,260
April	5,711,162	\$7.6774	\$43,846,875	5,724,408	\$0.8713	\$4,987,677	\$48,834,552
May	2,876,493	\$7.6774	\$22,083,987	2,883,310	\$0.8713	\$2,512,228	\$24,596,215
June	1,805,069	\$8.1801	\$14,765,645	1,808,702	\$0.8362	\$1,512,437	\$16,278,082
July	1,235,997	\$8.6303	\$10,667,025	1,241,841	\$0.8047	\$999,309	\$11,666,334
Aug	1,165,254	\$8.6303	\$10,056,492	1,170,754	\$0.8047	\$942,106	\$10,998,598
Sept	1,233,268	\$8.8416	\$10,904,062	1,239,247	\$0.7954	\$985,697	\$11,889,759
Oct	1,514,842	\$9.0215	\$13,666,147	1,518,553	\$0.7875	\$1,195,860	\$14,862,007
Nov	3,557,992	\$9.0215	\$32,098,425	3,566,013	\$0.7875	\$2,808,235	\$34,906,660
12 Months	56,371,258		\$441,963,211	56,498,495		\$42,353,149	\$484,316,360

SSC Revenues

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	CC Appl. Sales In Month (1)	CC Gas Rates (Excl GRT) (2)	CC Revenues (3) = (1) x (2)	GCA Appl. Sales In Month (4)	Prior Pd. O/(U) Adjust. Rate (5)	Prior Pd. O/(U) Adjust. Revenue (6) = (4) x (5)	Total Revenues Recovered In Base Rates (7) = (3) + (6)
Dec bef 12/1	3,889,745	\$9.0215	\$35,091,335	3,892,679	\$0.7875	\$3,065,485	\$38,156,820
Dec aft 12/1	4,164,058	\$11.9538	\$49,776,317	4,167,199	\$1.2679	\$5,283,592	\$55,059,909
Jan '06 bef 12/1	-	\$9.0215	\$0	-	\$0.7875	\$0	\$0
Jan '06 aft 12/1	9,445,690	\$11.9538	\$112,911,889	9,456,667	\$1.2679	\$11,990,108	\$124,901,997
Feb	7,945,171	\$11.9538	\$94,974,985	7,955,525	\$1.2679	\$10,086,810	\$105,061,795
March	8,530,624	\$11.2984	\$96,382,402	8,541,673	\$1.3906	\$11,878,050	\$108,260,452
April	4,558,880	\$10.8104	\$49,283,316	4,570,116	\$1.4819	\$6,772,455	\$56,055,771
May	2,217,652	\$10.8104	\$23,973,705	2,222,672	\$1.4819	\$3,293,778	\$27,267,483
June	1,510,430	\$10.2424	\$15,470,428	1,514,749	\$1.4722	\$2,230,013	\$17,700,441
July	1,292,375	\$9.7095	\$12,548,315	1,295,074	\$1.4631	\$1,894,823	\$14,443,138
Aug	1,001,142	\$9.7095	\$9,720,588	1,002,807	\$1.4631	\$1,467,207	\$11,187,795
Sept	1,126,096	\$9.0803	\$10,225,290	1,129,481	\$1.4605	\$1,649,607	\$11,874,897
Oct	1,561,872	\$8.1455	\$12,722,228	1,574,141	\$1.4567	\$2,293,051	\$15,015,279
Nov (est)	5,876,320	\$8.1299	\$47,773,894	5,809,717	\$1.4566	\$8,462,434	\$56,236,328
12 Months	53,120,055		\$570,854,692	53,132,500		\$70,367,413	\$641,222,105

SSC

PUC Adjustment plus Interest Statement 2 Page 7

Month	GCA Applicable Sales (1)	PUC Adj. Factor \$/Mcf (2)	PUC Adjust Revenues Retr'd To Custs. (3) = (1) x (2)	
Balance	- Nov. 30, 2004			(\$1,311)
Dec bef 12/1	3,455,618	\$0.0000	\$0	(\$1,311)
Dec af 12/1	3,520,073	\$0.0000	\$0	(\$1,311)
Jan '05 bef 12/1	-	\$0.0000	\$0	(\$1,311)
Jan '05 af 12/1	10,126,191	\$0.0000	\$0	(\$1,311)
Feb	10,530,188	\$0.0000	\$0	(\$1,311)
March	9,713,597	\$0.0000	\$0	(\$1,311)
April	5,724,408	\$0.0000	\$0	(\$1,311)
May	2,883,310	\$0.0000	\$0	(\$1,311)
June	1,808,702	\$0.0000	\$0	(\$1,311)
July	1,241,841	\$0.0000	\$0	(\$1,311)
Aug	1,170,754	\$0.0000	\$0	(\$1,311)
Sept	1,239,247	\$0.0000	\$0	(\$1,311)
Oct	1,518,553	\$0.0000	\$0	(\$1,311)
Nov	3,566,013	\$0.0000	\$0	(\$1,311)
12 Months	\$6,498,495		\$0	
Balance at Nov. 30, 2005				(\$1,311)

PUC Adjustment plus Interest Statement 2 Page 7

Month	GCA Applicable Sales (1)	PUC Adj. Factor \$/Mcf (2)	PUC Adjust. Revenues Retr'd To Custs. (3) = (1) x (2)	
Balance	- Nov. 30, 2005			(\$1,311)
Dec bef 12/1	3,892,679	\$0.0000	\$0	(\$1,311)
Dec af 12/1	4,167,199	\$0.0000	\$0	(\$1,311)
Jan '06 bef 12/1	-	\$0.0000	\$0	(\$1,311)
Jan '06 af 12/1	9,456,667	\$0.0000	\$0	(\$1,311)
Feb	7,955,525	\$0.0000	\$0	(\$1,311)
March	8,541,673	\$0.0000	\$0	(\$1,311)
April	4,570,116	\$0.0000	\$0	(\$1,311)
May	2,222,672	\$0.0000	\$0	(\$1,311)
June	1,514,749	\$0.0000	\$0	(\$1,311)
July	1,295,074	\$0.0000	\$0	(\$1,311)
Aug	1,002,807	\$0.0000	\$0	(\$1,311)
Sept	1,129,481	\$0.0000	\$0	(\$1,311)
Oct	1,574,141	\$0.0000	\$0	(\$1,311)
Nov (est)	5,809,717	\$0.0000	\$0	(\$1,311)
12 Months	\$3,132,500		\$0	
Balance at Nov 30, 2006				(\$1,311)

SSC

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Month	Gross Cost of Gas Excl. TOP (1)	Total Exclusions (2)	Net Cost of Gas (3) = (1) - (2)	Allocation Factor (4)	Recoverable Cost of Gas (5) = (3) x (4)
Balance - Nov. 30, 2006	0				
Dec (est)	\$82,207,988	\$1,568,760	\$80,639,228	1.0000	\$80,639,228
Jan '07 (est)	\$100,301,890	\$1,440,957	\$98,860,933	1.0000	\$98,860,933
Feb (est)	\$82,080,310	\$1,192,253	\$80,888,057	1.0000	\$80,888,057
March (est)	\$66,763,886	\$1,102,475	\$65,661,411	1.0000	\$65,661,411
April (est)	\$37,190,927	\$692,051	\$36,498,876	1.0000	\$36,498,876
May (est)	\$21,542,000	\$395,015	\$21,146,985	1.0000	\$21,146,985
June (est)	\$14,385,000	\$171,696	\$14,213,304	1.0000	\$14,213,304
July (est)	\$13,407,000	\$117,141	\$13,289,859	1.0000	\$13,289,859
Aug (est)	\$14,384,000	\$46,925	\$14,337,075	1.0000	\$14,337,075
Sept (est)	\$16,215,000	\$136,093	\$16,078,907	1.0000	\$16,078,907
Oct (est)	\$29,419,000	\$430,949	\$28,988,051	1.0000	\$28,988,051
Nov (est)	\$54,907,000	\$1,054,277	\$53,852,723	1.0000	\$53,852,723
12 Months	\$532,804,001	\$8,348,592	\$524,455,409		\$524,455,409

SSC

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SSC Revenues

	CC Appl. Sales In Month (1)	CC Gas Rates (Excl GRT) (2)	CC Revenues (3) = (1) x (2)
Dec bef 12/1	5,446,767	\$8.1299	\$44,281,671
Dec aft 12/1	3,860,923	\$9.0696	\$35,017,027
Jan '07	-	\$8.1299	\$0
Jan '07	11,372,260	\$9.0657	\$103,097,497
Feb (est)	9,378,590	\$9.0696	\$85,060,060
March (est)	7,534,800	\$9.0696	\$68,337,622
April (est)	4,174,270	\$9.0696	\$37,858,959
May (est)	2,046,090	\$9.0696	\$18,557,218
June (est)	1,245,080	\$9.0696	\$11,292,378
July (est)	1,091,310	\$9.0696	\$9,897,745
Aug (est)	1,088,750	\$9.0696	\$9,874,527
Sept (est)	1,351,260	\$9.0696	\$12,255,388
Oct (est)	3,205,420	\$9.0696	\$29,071,877
Nov (est)	6,030,410	\$9.0696	\$54,693,407
12 Months	57,825,930		\$519,295,376

SSC

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Month	CC Portion of SSC Revenue (1)	Recoverable Cost of Gas (2)	Current Over/(Under) Collection for Interest (3) = (1) - (2)
Balance			
- Nov. 30, 2006			
Dec bef 12/1			
Dec aft 12/1	\$79,298,698	\$80,639,228	(\$1,340,530)
Jan '07			
Jan '07	\$103,097,497	\$98,860,933	\$4,236,564
Feb (est)	\$85,060,060	\$80,888,057	\$4,172,003
March (est)	\$68,337,622	\$65,661,411	\$2,676,211
April (est)	\$37,858,959	\$36,498,876	\$1,360,083
May (est)	\$18,557,218	\$21,146,985	(\$2,589,767)
June (est)	\$11,292,378	\$14,213,304	(\$2,920,926)
July (est)	\$9,897,745	\$13,289,859	(\$3,392,114)
Aug (est)	\$9,874,527	\$14,337,075	(\$4,462,548)
Sept (est)	\$12,255,388	\$16,078,907	(\$3,823,519)
Oct (est)	\$29,071,877	\$28,988,051	\$83,826
Nov (est)	\$54,693,407	\$53,852,723	\$840,684
12 Months	\$519,295,376	\$524,455,409	(\$5,160,033)

Attachment B

BSC

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Computation of Balancing Service Cost Adjustment No. 23
Application and Computation Period : 12 Months
December 1, 2006 Through November 30, 2007

1. C = Projected Cost of Gas for Application Period	\$25,421,934	Pg. 2	\$0.4396 /Mcf
2. E = Experienced and Estimated Net Over/(Under)			
a. Balancing Over / (Under)	(\$3,148,387)	Pg. 2	(\$0.0544) /Mcf
b. Miscellaneous Surcharge Monies	\$671,336	Pg. 5	\$0.0116 /Mcf
c. Net Interest on Item a	(\$120,498)	Pg. 6	(\$0.0021) /Mcf
d. Supplier Refunds (Including Interest)	<u>\$2,041</u>	Pg. 7	<u>\$0.0000</u> /Mcf
Experienced Net Over/(Under) Collections	(\$2,595,508)		(\$0.0449) /Mcf
3. C - E _____	\$28,017,442		\$0.4845 /Mcf
4. S = Projected Sales for Computation Period (Sch. G-4)	57,825,930	mcf	
Charge / (Credit) to Customers			\$0.4845 /Mcf

BSC

Over/(Under) Collections

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Month	Gross Cost of Storage (1)	Total Exclusions (2)	Net Cost of Storage (3) = (1) - (2)	Allocation Factor (4)	Recoverable Cost (5) = (3) x (4)	BSC Revenues In Base (6)	Monthly Over/(Under) Collection (7) = (6) - (5)	Cumulative Total (8)
Balance - Nov. 30, 2004								\$890,458
Dec	\$2,614,306	\$147,460	\$2,466,846	1.0000	\$2,466,846	\$2,876,762	\$409,916	\$1,300,374
Jan '05	\$2,898,089	\$142,905	\$2,755,184	1.0000	\$2,755,184	\$3,895,328	\$1,140,144	\$2,440,518
Feb	\$2,824,952	\$136,683	\$2,688,269	1.0000	\$2,688,269	\$4,055,422	\$1,367,153	\$3,807,671
March	\$2,828,476	\$148,269	\$2,680,207	1.0000	\$2,680,207	\$3,990,941	\$1,310,734	\$5,118,405
April	\$1,938,951	\$135,271	\$1,803,680	1.0000	\$1,803,680	\$2,478,107	\$674,427	\$5,792,832
May	\$1,921,831	\$109,347	\$1,812,484	1.0000	\$1,812,484	\$1,250,669	(\$561,815)	\$5,231,017
June	\$2,043,276	\$96,949	\$1,946,327	1.0000	\$1,946,327	\$763,717	(\$1,182,610)	\$4,048,407
July	\$2,165,919	\$91,595	\$2,074,324	1.0000	\$2,074,324	\$511,334	(\$1,562,990)	\$2,485,417
Aug	\$2,524,456	\$90,614	\$2,433,842	1.0000	\$2,433,842	\$481,756	(\$1,952,086)	\$533,331
Sept	\$2,150,060	\$91,075	\$2,058,985	1.0000	\$2,058,985	\$513,817	(\$1,545,168)	(\$1,011,837)
Oct	\$2,156,049	\$95,369	\$2,060,680	1.0000	\$2,060,680	\$632,384	(\$1,428,296)	(\$2,440,133)
Nov	\$2,257,689	\$113,740	\$2,143,949	1.0000	\$2,143,949	\$1,481,010	(\$662,939)	(\$3,103,072)
12 Months	\$28,324,054	\$1,399,277	\$26,924,777		\$26,924,777	\$22,931,247	(\$3,993,530)	
12 Months -Nov 30, 2006	\$26,744,614	\$1,259,642	\$25,484,972		\$25,484,972			

Over/(Under) Collections

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Month	Gross Cost of Storage (1)	Total Exclusions (2)	Net Cost of Storage (3) = (1) - (2)	Allocation Factor (4)	Recoverable Cost (5) = (3) x (4)	BSC Revenues In Base (6)	Monthly Over/(Under) Collection (7) = (6) - (5)	Cumulative Total (8)
Balance - Nov. 30, 2005								(\$3,103,072)
Dec	\$2,393,880	\$134,942	\$2,258,938	1.0000	\$2,258,938	\$3,578,534	\$1,319,596	(\$1,783,476)
Jan '06	\$2,489,571	\$134,437	\$2,355,134	1.0000	\$2,355,134	\$4,463,180	\$2,108,046	\$324,570
Feb	\$2,553,499	\$121,277	\$2,432,222	1.0000	\$2,432,222	\$3,754,510	\$1,322,288	\$1,646,858
March	\$2,376,888	\$128,979	\$2,247,909	1.0000	\$2,247,909	\$4,162,913	\$1,915,004	\$3,561,862
April	\$2,181,357	\$110,562	\$2,070,795	1.0000	\$2,070,795	\$2,287,090	\$216,295	\$3,778,157
May	\$2,131,690	\$92,255	\$2,039,435	1.0000	\$2,039,435	\$1,115,523	(\$923,912)	\$2,854,245
June	\$2,088,441	\$87,127	\$2,001,314	1.0000	\$2,001,314	\$745,429	(\$1,255,885)	\$1,598,360
July	\$2,101,088	\$79,985	\$2,021,103	1.0000	\$2,021,103	\$626,463	(\$1,394,640)	\$203,720
Aug	\$2,237,363	\$78,715	\$2,158,648	1.0000	\$2,158,648	\$487,251	(\$1,671,397)	(\$1,167,677)
Sept	\$1,890,265	\$81,103	\$1,809,162	1.0000	\$1,809,162	\$555,120	(\$1,254,042)	(\$2,421,719)
Oct	\$2,105,636	\$87,372	\$2,018,264	1.0000	\$2,018,264	\$784,247	(\$1,234,017)	(\$3,655,736)
Nov (est)	\$2,194,936	\$122,888	\$2,072,048	1.0000	\$2,072,048	\$2,879,397	\$807,349	(\$3,148,187)
12 Months	\$26,744,614	\$1,259,642	\$25,484,972		\$25,484,972	\$25,439,657	(\$45,315)	
12 Months -Nov 30, 2007	\$26,759,894	\$1,337,960	\$25,421,934		\$25,421,934			

BSC

Exclusions and Allocation Factor

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Month	Exclusions		
	Standby Sales Service	Cost of TCS Gas (a)	Total Exclusions
	(1)	(2)	(3)
Dec	\$89,264	\$58,196	\$147,460
Jan '05	\$72,700	\$70,205	\$142,905
Feb	\$86,731	\$49,952	\$136,683
March	\$85,236	\$63,033	\$148,269
April	\$85,150	\$50,121	\$135,271
May	\$84,269	\$25,078	\$109,347
June	\$84,249	\$12,700	\$96,949
July	\$84,739	\$6,856	\$91,595
Aug	\$84,478	\$6,136	\$90,614
Sept	\$83,791	\$7,284	\$91,075
Oct	\$83,812	\$11,557	\$95,369
Nov	\$81,948	\$31,792	\$113,740
12 Months	\$1,006,367	\$392,910	\$1,399,277
12 Months -Nov 30, 2006	\$923,224	\$336,418	\$1,259,642

Month	Allocation Factor Calculation			
	Interdept. Firm Mcf	BSC Sales Mcf	Total Applicable Sales Mcf	Allocation Factor
	(1)	(2)	(3) = (1) + (2)	(4) = (2)/(3)
Dec	120	7,070,921	7,071,041	1.0000
Jan '05	224	10,267,073	10,267,297	1.0000
Feb	228	10,689,043	10,689,271	1.0000
March	245	9,856,608	9,856,853	1.0000
April	154	5,825,356	5,825,510	1.0000
May	8	2,939,985	2,939,993	1.0000
June	2	1,846,065	1,846,067	1.0000
July	10	1,268,189	1,268,199	1.0000
Aug	16	1,194,831	1,194,847	1.0000
Sept	23	1,264,936	1,264,959	1.0000
Oct	20	1,547,685	1,547,705	1.0000
Nov	76	3,624,595	3,624,671	1.0000
12 Months	1,126	57,395,287	57,396,413	1.0000
(a) TCS Sales Volume x TCS Fixed Cost Storage Component				
	1,201	54,031,214	54,032,415	

Exclusions and Allocation Factor

Statement 3

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Month	Exclusions		
	Standby Sales Service	Cost of TCS Gas (a)	Total Exclusions
	(1)	(2)	(3)
Dec	\$77,256	\$57,686	\$134,942
Jan '06	\$76,854	\$57,583	\$134,437
Feb	\$76,588	\$44,689	\$121,277
March	\$76,431	\$52,548	\$128,979
April	\$76,398	\$34,164	\$110,562
May	\$76,161	\$16,094	\$92,255
June	\$75,737	\$11,390	\$87,127
July	\$73,497	\$6,488	\$79,985
Aug	\$74,439	\$4,276	\$78,715
Sept	\$75,868	\$5,235	\$81,103
Oct	\$82,633	\$4,739	\$87,372
Nov (est)	\$81,362	\$41,526	\$122,888
12 Months	\$923,224	\$336,418	\$1,259,642
12 Months -Nov 30, 2007	\$967,689	\$370,271	\$1,337,960

Month	Allocation Factor Calculation			
	Interdept. Firm Mcf	BSC Sales Mcf	Total Applicable Sales Mcf	Allocation Factor
	(1)	(2)	(3) = (1) + (2)	(4) = (2)/(3)
Dec	146	8,180,437	8,180,583	1.0000
Jan '06	248	9,610,636	9,610,884	1.0000
Feb	123	8,084,646	8,084,769	1.0000
March	256	8,683,589	8,683,845	1.0000
April	161	4,662,774	4,662,935	1.0000
May	79	2,274,256	2,274,335	1.0000
June	33	1,547,817	1,547,850	1.0000
July	21	1,323,606	1,323,627	1.0000
Aug	21	1,029,475	1,029,496	1.0000
Sept	13	1,156,499	1,156,512	1.0000
Oct	24	1,601,159	1,601,183	1.0000
Nov (est)	76	5,876,320	5,876,396	1.0000
12 Months	1,201	54,031,214	54,032,415	1.0000
12 Months	1,201	57,825,930	57,827,131	
(a) TCS Sales Volume x TCS Fixed Cost Storage Component				

BSC

	BSC Revenues			Statement 3		Page 4
	BSC Appl. Sales	Cost of Gas Rates (Excl GRT)	Cost of Gas Revenues	Prior Pd O/(U) Adjust. Rate	Prior Pd O/(U) Adjust. Revenue	Total Revenues Recovered In Base Rates
	1,846,065	(2)	(3) = (1) x (2)	(4)	(5) = (1) x (4)	(6) = (3) + (5)
Dec bef 12/1	3,502,793	\$0 4457	\$1,561,195	(\$0 0109)	(\$38,186)	\$1,523,015
Dec aft 12/1	3,568,128	\$0.4175	\$1,489,693	(\$0 0381)	(\$135,946)	\$1,353,747
Jan '05 bef 12/1	-	\$0 4457	\$0	(\$0 0109)	\$0	\$0
Jan '05 aft 12/1	10,267,073	\$0 4175	\$4,286,503	(\$0 0381)	(\$391,175)	\$3,895,328
Feb	10,689,043	\$0.4175	\$4,462,675	(\$0 0381)	(\$403,253)	\$4,055,422
March	9,856,608	\$0.4307	\$4,245,241	(\$0 0256)	(\$254,306)	\$3,990,941
April	5,825,356	\$0 4413	\$2,570,730	(\$0 0159)	(\$92,623)	\$2,478,107
May	2,939,985	\$0.4413	\$1,297,415	(\$0 0159)	(\$46,746)	\$1,250,669
June	1,846,065	\$0.4290	\$791,962	(\$0 0153)	(\$28,245)	\$763,717
July	1,268,189	\$0.4179	\$529,976	(\$0 0147)	(\$18,642)	\$511,334
Aug	1,194,831	\$0.4179	\$499,320	(\$0 0147)	(\$17,564)	\$481,756
Sept	1,264,936	\$0.4207	\$532,159	(\$0 0145)	(\$18,342)	\$513,817
Oct	1,547,685	\$0.4230	\$654,671	(\$0 0143)	(\$22,287)	\$632,384
Nov	3,624,595	\$0.4230	\$1,533,204	(\$0 0143)	(\$52,194)	\$1,481,010
12 Months	57,395,287		\$24,454,744		(\$1,523,497)	\$22,931,247

	BSC Revenues			Statement 3		Page 4
	BSC Appl. Sales	Cost of Gas Rates (Excl GRT)	Cost of Gas Revenues	Prior Pd O/(U) Adjust. Rate	Prior Pd O/(U) Adjust. Revenue	Total Revenues Recovered In Base Rates
	5,876,320	(2)	(3) = (1) x (2)	(4)	(5) = (1) x (4)	(6) = (3) + (5)
Dec bef 12/1	3,950,906	\$0.4230	\$1,671,233	(\$0 0144)	(\$59,893)	\$1,614,340
Dec aft 12/1	4,229,531	\$0.4287	\$1,813,200	\$0.0357	\$150,994	\$1,964,194
Jan '06 bef 12/1	-	\$0.4230	\$0	(\$0 0144)	\$0	\$0
Jan '06 aft 12/1	9,610,636	\$0.4287	\$4,120,080	\$0.0357	\$343,100	\$4,463,180
Feb	8,084,646	\$0.4287	\$3,465,888	\$0.0357	\$288,622	\$3,754,510
March	8,683,589	\$0.4318	\$3,749,574	\$0.0476	\$413,339	\$4,162,913
April	4,662,774	\$0.4341	\$2,024,110	\$0.0564	\$262,980	\$2,287,090
May	2,274,256	\$0.4341	\$987,255	\$0.0564	\$128,268	\$1,115,523
June	1,547,817	\$0.4255	\$658,596	\$0.0561	\$86,833	\$745,429
July	1,323,606	\$0.4175	\$552,606	\$0.0558	\$73,857	\$626,463
Aug	1,029,475	\$0.4175	\$429,806	\$0.0558	\$57,445	\$487,251
Sept	1,156,499	\$0.4243	\$490,703	\$0.0557	\$64,417	\$555,120
Oct	1,601,159	\$0.4343	\$695,383	\$0.0555	\$88,864	\$784,247
Nov (est)	5,876,320	\$0.4345	\$2,553,261	\$0.0555	\$326,136	\$2,879,397
12 Months	54,031,214		\$23,211,695		\$2,227,962	\$25,439,657

BSC

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Over/(Under) Collections

Month	Gross Cost of Storage (1)	Total Exclusions (2)	Net Cost of Storage (3) = (1) - (2)	Allocation Factor (4)	Recoverable Cost (5) = (3) x (4)
Balance	-Nov 30, 2006				
Dec (est)	\$2,481,764	\$148,025	\$2,333,739	1.0000	\$2,333,739
Jan '07 (est)	\$2,978,862	\$177,047	\$2,801,815	1.0000	\$2,801,815
Feb (est)	\$2,576,192	\$125,755	\$2,450,437	1.0000	\$2,450,437
March (est)	\$2,327,116	\$145,250	\$2,181,866	1.0000	\$2,181,866
April (est)	\$2,003,365	\$128,537	\$1,874,828	1.0000	\$1,874,828
May (est)	\$2,052,434	\$91,236	\$1,961,198	1.0000	\$1,961,198
June (est)	\$2,004,198	\$73,105	\$1,931,093	1.0000	\$1,931,093
July (est)	\$2,017,291	\$68,234	\$1,949,057	1.0000	\$1,949,057
Aug (est)	\$2,005,702	\$76,279	\$1,929,423	1.0000	\$1,929,423
Sept (est)	\$2,035,834	\$89,410	\$1,946,424	1.0000	\$1,946,424
Oct (est)	\$2,010,634	\$91,515	\$1,919,119	1.0000	\$1,919,119
Nov (est)	\$2,266,502	\$123,567	\$2,142,935	1.0000	\$2,142,935
12 Months	\$26,759,894	\$1,337,960	\$25,421,934		\$25,421,934

BSC

BSC Revenues

	BSC Appl. Sales mcf (1)	Cost of Gas Rates (Excl GRT) (2)	Cost of Gas Revenues (3) = (1) x (2)
Dec bef 12/1	5,446,767	\$0.4345	\$2,366,620
Dec aft 12/1	3,860,923	\$0.4396	\$1,697,262
Jan '07	-	\$0.4345	\$0
Jan '07	11,372,260	\$0.4396	\$4,999,245
Feb (est)	9,378,590	\$0.4396	\$4,122,828
March (est)	7,534,800	\$0.4396	\$3,312,298
April (est)	4,174,270	\$0.4396	\$1,835,009
May (est)	2,046,090	\$0.4396	\$899,461
June (est)	1,245,080	\$0.4396	\$547,337
July (est)	1,091,310	\$0.4396	\$479,740
Aug (est)	1,088,750	\$0.4396	\$478,615
Sept (est)	1,351,260	\$0.4396	\$594,014
Oct (est)	3,205,420	\$0.4396	\$1,409,103
Nov (est)	6,030,410	\$0.4396	\$2,650,968
12 Months	57,825,930		\$25,392,500

BSC

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Month	CC Portion of BSC Revenue	Recoverable Cost of Gas	Current Over/(Under) Collection for Interest
Balance	(1)	(2)	(3) = (1) - (2)
Dec bef 12/1			
Dec aft 12/1	\$4,063,882	\$2,333,739	\$1,730,143
Jan '07			
Jan '07	\$4,999,245	\$2,801,815	\$2,197,430
Feb (est)	\$4,122,828	\$2,450,437	\$1,672,391
March (est)	\$3,312,298	\$2,181,866	\$1,130,432
April (est)	\$1,835,009	\$1,874,828	(\$39,819)
May (est)	\$899,461	\$1,961,198	(\$1,061,737)
June (est)	\$547,337	\$1,931,093	(\$1,383,756)
July (est)	\$479,740	\$1,949,057	(\$1,469,317)
Aug (est)	\$478,615	\$1,929,423	(\$1,450,808)
Sept (est)	\$594,014	\$1,946,424	(\$1,352,410)
Oct (est)	\$1,409,103	\$1,919,119	(\$510,016)
Nov (est)	\$2,650,968	\$2,142,935	\$508,033
12 Months	\$25,392,500	\$25,421,934	(\$29,434)

Attachment C

SUMMARY OF COSTS AND VOLUMES
PERIOD: 11/01/06 through 11/30/06

	<i>Estimated</i> <u>Nov-06</u>
<u>FUEL COSTS (dollars)</u>	
PIPELINE LONG HAUL FT DEMAND	\$4,135,300
TOTAL COMMODITY COSTS	<u>\$48,746,334</u>
GROSS COST OF GAS	\$52,881,634
STORAGE AND STORAGE RELATED COSTS	<u>\$2,194,936</u>
TOTAL FUEL COSTS	\$55,076,570
LESS RATE IS EXCL \$	(\$185,000)
LESS RATE TCS EXCL \$	(\$780,000)
<u>LESS RATE CGS EXCL \$</u>	<u>\$0</u>
COSTS APPLICABLE TO PGC	\$54,111,570
<u>VOLUMES-MCF</u>	
MCF PURCHASED FOR RESALE	6,174,757
LESS RATE IS EXCL MCF	(23,000)
LESS RATE TCS EXCL MCF	(97,000)
<u>LESS RATE CGS EXCL MCF</u>	<u>0</u>
MCF APPLICABLE TO PGC	6,054,757

SUMMARY OF COSTS AND VOLUMES
PERIOD: 12/01/06 through 11/30/07

	<u>Estimated Dec-06</u>	<u>Estimated Jan-07</u>	<u>Estimated Feb-07</u>	<u>Estimated Mar-07</u>	<u>Estimated Apr-07</u>	<u>Estimated May-07</u>	<u>Estimated Jun-07</u>	<u>Estimated Jul-07</u>	<u>Estimated Aug-07</u>	<u>Estimated Sep-07</u>	<u>Estimated Oct-07</u>	<u>Estimated Nov-07</u>	<u>Estimated Total</u>
FUEL COSTS (dollars)													
PIPELINE LONG HAUL FT DEMAND	\$4,431,000	\$4,431,000	\$4,207,000	\$5,109,000	\$5,013,000	\$4,940,000	\$5,026,000	\$5,109,000	\$5,109,000	\$5,013,000	\$5,109,000	\$5,013,000	\$58,510,000
TOTAL COMMODITY COSTS	\$77,776,988	\$95,870,890	\$77,873,310	\$61,654,886	\$32,177,927	\$16,602,000	\$9,359,000	\$8,296,000	\$9,275,000	\$11,202,000	\$24,310,000	\$49,894,000	\$474,294,001
GROSS COST OF GAS	\$82,207,988	\$100,301,890	\$82,080,310	\$66,763,886	\$37,190,927	\$21,542,000	\$14,385,000	\$13,407,000	\$14,384,000	\$16,215,000	\$29,419,000	\$54,907,000	\$532,804,001
STORAGE AND STORAGE RELATED COSTS	\$2,481,764	\$2,978,862	\$2,576,192	\$2,327,116	\$2,003,365	\$2,052,434	\$2,004,198	\$2,017,291	\$2,005,702	\$2,035,834	\$2,010,634	\$2,286,502	\$26,759,894
TOTAL FUEL COSTS	\$84,689,752	\$103,280,752	\$84,656,502	\$69,091,002	\$39,194,292	\$23,594,434	\$16,389,198	\$15,424,291	\$16,389,702	\$18,250,834	\$31,429,634	\$57,173,502	\$559,563,895
LESS RATE IS EXCL \$	(\$282,000)	(\$33,000)	(\$8,000)	(\$55,000)	(\$45,000)	(\$15,000)	(\$45,000)	(\$86,000)	\$0	(\$30,000)	(\$37,000)	(\$185,000)	(\$821,000)
LESS RATE TCS EXCL \$	(\$1,340,000)	(\$1,464,000)	(\$1,228,000)	(\$1,089,000)	(\$870,000)	(\$390,000)	(\$123,000)	(\$27,000)	(\$46,000)	(\$106,000)	(\$404,000)	(\$900,000)	(\$7,787,000)
LESS RATE CGS EXCL \$	\$0	\$0											
COSTS APPLICABLE TO PGC	\$83,067,752	\$101,783,752	\$83,420,502	\$67,947,002	\$38,479,292	\$23,189,434	\$16,221,198	\$15,311,291	\$16,343,702	\$18,114,834	\$30,988,634	\$56,088,502	\$550,955,895
VOLUMES-MCF													
MCF PURCHASED FOR RESALE	9,800,000	12,000,000	9,830,097	7,912,621	4,445,631	2,372,816	1,367,961	1,194,175	1,298,058	1,619,417	3,439,806	6,331,068	61,611,650
LESS RATE IS EXCL MCF	(35,000)	(4,000)	(1,000)	(7,000)	(6,000)	(2,000)	(6,000)	(11,000)	0	(4,000)	(5,000)	(23,000)	(104,000)
LESS RATE TCS EXCL MCF	(144,000)	(156,000)	(132,000)	(119,000)	(77,000)	(45,000)	(14,000)	(3,000)	(5,000)	(12,000)	(47,000)	(97,000)	(851,000)
LESS RATE CGS EXCL MCF	0	0											
MCF APPLICABLE TO PGC	9,621,000	11,840,000	9,697,097	7,786,621	4,362,631	2,325,816	1,347,961	1,180,175	1,293,058	1,603,417	3,387,806	6,211,068	60,656,650