

COLUMBIA GAS OF PENNSYLVANIA, INC.

121 Champion Way, Suite 100

Canonsburg, Pennsylvania

RATES AND RULES

FOR

FURNISHING GAS SERVICE

IN

THE TERRITORY AS DESCRIBED HEREIN

ISSUED: June 27, 2023

EFFECTIVE: July 1, 2023

ISSUED BY: MARK KEMPIC, PRESIDENT
121 CHAMPION WAY, SUITE 100
CANONSBURG, PENNSYLVANIA 15317

NOTICE

This Tariff Supplement Makes Changes to the Existing Tariff - See List of Changes Made by This Tariff Supplement on Pages No. 2 and 2a.

LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT

Page	Page Description	Revision Description
Cover	Tariff Cover Page	Supplement No., Issued and Effective Date.
2-2a	List of Changes	List of Changes.
16	Rate Summary	The "Pass-through Charge" has increased. The "Total Effective Rate" has increased.
21	Rider Summary	The "Universal Service Plan – Rider USP" has increased.
21b	Pass-through Charge Summary	The "Universal Service Plan – Rider USP" has increased. The "Total Pass-through Charge" has increased for rate schedules RSS and RDS.

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Columbia Gas of Pennsylvania, Inc.

Rate Summary								
Rate per thm								
Residential Rate Schedules	Distribution Charge	Gas Supply Charge <small>1/</small>	Gas Cost Adjustment	Pass-Through Charge <small>2/</small>	State Tax Adjustment Surcharge <small>3/</small>	Distribution System Improvement Charge (DSIC) <small>4/</small>	Rider EE-Energy Efficiency Rider <small>5/</small>	Total Effective Rate
<u>Rate RSS - Residential Sales Service</u>								
Customer Charge	\$ 16.75				0.00	0.00	-	16.75
Usage Charge	\$ 0.91069	0.40658	0.03505	0.34941	0.00000	0.00000	0.00361	1.70534
<u>Rate RDS - Residential Distribution Service</u>								
Customer Charge	\$ 16.75				0.00	0.00	-	16.75
Usage Charge:								
Customers Electing CHOICE	\$ 0.91069	-	-	0.32255	0.00000	0.00000	0.00361	1.23685
<p><small>1/ Please see Page No. 21a for rate components.</small></p> <p><small>2/ Please see Page No. 21b for rate components.</small></p> <p><small>3/ The STAS percentage is reflected on Page No. 20 and is applied to the Customer Charge and the Distribution Charge.</small></p> <p><small>4/ The DSIC percentage is reflected on Page No. 21 and is applied to the Customer Charge and the Distribution Charge.</small></p> <p><small>5/ Rider EE is reflected on Page No. 21 and is applied to the Distribution Charge.</small></p>								

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Mark Kempic - President

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Columbia Gas of Pennsylvania, Inc.

Rate Summary							
Rate per thm							
Commercial / Industrial Rate Schedules ≤ 64,400 therms - 12 Months Ending October	Distribution Charge	Gas Supply Charge 1/	Gas Cost Adjustment	Pass-through Charge 2/	State Tax Adjustment Surcharge 3/	Distribution System Improvement Charge (DSIC) 4/	Total Effective Rate
<u>Rate SGSS - Small General Sales Service</u>							
Customer Charge:							
Annual Throughput ≤ 6,440 thm	\$ 29.92				0.00	0.00	29.92
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 57.00				0.00	0.00	57.00
Usage Charge							
Annual Throughput ≤ 6,440 thm	\$ 0.69747	0.40249	0.03505	0.22737	0.00000	0.00000	1.36238
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 0.59489	0.40249	0.03505	0.22737	0.00000	0.00000	1.25980
<u>Rate SCD - Small Commercial Distribution</u>							
Customer Charge:							
Annual Throughput ≤ 6,440 thm	\$ 29.92				0.00	0.00	29.92
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 57.00				0.00	0.00	57.00
Usage Charge: Customers Electing CHOICE							
Annual Throughput ≤ 6,440 thm	\$ 0.69747	-	-	0.20051	0.00000	0.00000	0.89798
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 0.59489	-	-	0.20051	0.00000	0.00000	0.79540
<u>Rate SGDS - Small General Distribution Service</u>							
Customer Charge:							
Annual Throughput ≤ 6,440 thm	\$ 29.92				0.00	0.00	29.92
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 57.00				0.00	0.00	57.00
Usage Charge - Priority One							
Annual Throughput ≤ 6,440 thm	\$ 0.68756	-	-	0.22737	0.00000	0.00000	0.91493 5/
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 0.58497	-	-	0.22737	0.00000	0.00000	0.81234 5/
Usage Charge - Non-Priority One							
Annual Throughput ≤ 6,440 thm	\$ 0.68756	-	-	0.00010	0.00000	0.00000	0.68766 5/
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 0.58497	-	-	0.00010	0.00000	0.00000	0.58507 5/

1/ Please see Page No. 21a for rate components.
 2/ Please see Page No. 21b for rate components.
 3/ The STAS percentage is reflected on Page No. 20 and is applied to the Customer Charge and the Distribution Charge.
 4/ The DSIC percentage is reflected on Page No. 21 and is applied to the Customer Charge and the Distribution Charge.
 5/ Plus Rider EBS Option 1 or 2 - See Page 21.

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Columbia Gas of Pennsylvania, Inc.

Rate Summary

Rate per thm

Commercial / Industrial Rate Schedules > 64,400 therms - 12 Months Ending October	Distribution Charge	Gas Supply Charge 1/	Gas Cost Adjustment	Pass-through Charge 2/	State Tax Adjustment Surcharge 3/	Distribution System Improvement Charge (DSIC) 4/	Total Effective Rate
Rate LGSS - Large General Sales Service							
Customer Charge:							
Annual Throughput > 64,400 thm and <= 110,000 thm	\$ 267.11				0.00	0.00	267.11
Annual Throughput > 110,000 thm and <= 540,000 thm	\$ 1,211.59				0.00	0.00	1,211.59
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 2,986.82				0.00	0.00	2,986.82
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 4,645.73				0.00	0.00	4,645.73
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 8,959.14				0.00	0.00	8,959.14
Annual Throughput > 7,500,000 thm	\$ 13,272.55				0.00	0.00	13,272.55
Usage Charge:							
Annual Throughput > 64,400 thm and <= 110,000 thm	\$ 0.45681	0.40081	0.03505	0.22727	0.00000	0.00000	1.11994
Annual Throughput > 110,000 thm and <= 540,000 thm	\$ 0.42709	0.40081	0.03505	0.22727	0.00000	0.00000	1.09022
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 0.23433	0.40081	0.03505	0.22727	0.00000	0.00000	0.89746
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 0.20785	0.40081	0.03505	0.22727	0.00000	0.00000	0.87098
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 0.18652	0.40081	0.03505	0.22727	0.00000	0.00000	0.84965
Annual Throughput > 7,500,000 thm	\$ 0.11099	0.40081	0.03505	0.22727	0.00000	0.00000	0.77412
Rate SDS - Small Distribution Service							
Customer Charge:							
Annual Throughput > 64,400 thm and <= 110,000 thm	\$ 267.11				0.00	0.00	267.11
Annual Throughput > 110,000 thm and <= 540,000 thm	\$ 1,211.59				0.00	0.00	1,211.59
Usage Charge:							
Annual Throughput > 64,400 thm and <= 110,000 thm	\$ 0.45681	-	-	-	0.00000	0.00000	0.45681 5/
Annual Throughput > 110,000 thm and <= 540,000 thm	\$ 0.42709	-	-	-	0.00000	0.00000	0.42709 5/
Rate LDS - Large Distribution Service							
Customer Charge:							
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 2,986.82				0.00	0.00	2,986.82
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 4,645.73				0.00	0.00	4,645.73
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 8,959.14				0.00	0.00	8,959.14
Annual Throughput > 7,500,000 thm	\$ 13,272.55				0.00	0.00	13,272.55
Usage Charge:							
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 0.23433	-	-	-	0.00000	0.00000	0.23433 5/
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 0.20785	-	-	-	0.00000	0.00000	0.20785 5/
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 0.18652	-	-	-	0.00000	0.00000	0.18652 5/
Annual Throughput > 7,500,000 thm	\$ 0.11099	-	-	-	0.00000	0.00000	0.11099 5/

1/ Please see Page No. 21a for rate components.

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3/ The STAS percentage is reflected on Page No. 20 and is applied to the Customer Charge and the Distribution Charge.

4/ The DSIC percentage is reflected on Page No. 21 and is applied to the Customer Charge and the Distribution Charge.

5/ Plus Rider EBS Option 1 or 2 - See Page 21.

Columbia Gas of Pennsylvania, Inc.

Rate Summary							
Rate per thm							
Main Line Service Rate Schedules Commercial / Industrial	Distribution Charge	Gas Supply Charge 1/	Gas Cost Adjustment	Pass-through Charge 2/	State Tax Adjustment Surcharge 3/	Distribution System Improvement Charge (DSIC) 4/	Total Effective Rate
Rate MLSS - Main Line Sales Service							
Customer Charge:							
Annual Throughput > 274,000 thm and <= 540,000 thm	\$ 469.34				0.00	0.00	469.34
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 1,149.00				0.00	0.00	1,149.00
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 2,050.00				0.00	0.00	2,050.00
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 4,096.00				0.00	0.00	4,096.00
Annual Throughput > 7,500,000 thm	\$ 7,322.00				0.00	0.00	7,322.00
Usage Charge:							
MLS Class I Annual Throughput > 274,000 thm	\$ 0.00937	0.40081	0.03505	0.22727	0.00000	0.00000	0.67250
MLS Class II:							
Annual Throughput > 2,146,000 thm and <= 3,400,000 thm	\$ 0.04481	0.40081	0.03505	0.22727	0.00000	0.00000	0.70794
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 0.03876	0.40081	0.03505	0.22727	0.00000	0.00000	0.70189
Annual Throughput > 7,500,000 thm	\$ 0.03355	0.40081	0.03505	0.22727	0.00000	0.00000	0.69668
Rate MLDS - Main Line Distribution Service							
Customer Charge:							
Annual Throughput > 274,000 thm and <= 540,000 thm	\$ 469.34				0.00	0.00	469.34
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 1,149.00				0.00	0.00	1,149.00
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 2,050.00				0.00	0.00	2,050.00
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 4,096.00				0.00	0.00	4,096.00
Annual Throughput > 7,500,000 thm	\$ 7,322.00				0.00	0.00	7,322.00
Usage Charge:							
MLS Class I Annual Throughput > 274,000 thm	\$ 0.00937	-	-	-	0.00000	0.00000	0.00937 5/
MLS Class II:							
Annual Throughput > 2,146,000 thm and <= 3,400,000 thm	\$ 0.04481	-	-	-	0.00000	0.00000	0.04481 5/
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 0.03876	-	-	-	0.00000	0.00000	0.03876 5/
Annual Throughput > 7,500,000 thm	\$ 0.03355	-	-	-	0.00000	0.00000	0.03355 5/
1/ Please see Page No. 21a for rate components.							
2/ Please see Page No. 21b for rate components.							
3/ The STAS percentage is reflected on Page No. 20 and is applied to the Customer Charge and the Distribution Charge.							
4/ The DSIC percentage is reflected on Page No. 21 and is applied to the Customer Charge and the Distribution Charge.							
5/ Plus Rider EBS Option 1 or 2 - See Page 21.							

Issued: June 27, 2023

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Other Rates Summary		
Rate per thm		
Description	Rate \$/ thm	Applicable Rate Schedules
Penalty Credit/Pipeline Refund Passback - Residential	(0.00008) 1/	RSS/RDS/CAP
Penalty Credit/Pipeline Refund Passback - Non-Residential	\$ (0.00123) 2/	SGSS/SGDS-P1/SCD/LGSS/MLSS
Price to Compare for Residential Gas Supply	\$ 0.46849 3/	RSS
Price to Compare for Commercial Gas Supply	\$ 0.46440 3/	SGSS (< = 64,400 thms)
State Tax Adjustment Surcharge Percentage	0.000%	Customer and Distribution Charges on all rates
Rate SS - Standby Service	\$ 1.07097	Per therm based on a customer's Maximum Daily Firm Requirement. See Pages 134 - 136 herein for detail.
1/ Includes Penalty Credit and Pipeline Refund passback rate of (\$0.00008) effective July 2023-June 2024		
2/ Includes Penalty Credit and Pipeline Refund passback rate of (\$0.00123) effective July 2023-June 2024		
3/ Please see Page No. 21c for rate components.		

Issued: June 27, 2023

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Effective: July 1, 2023

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Rider Summary		
Riders	Rate	Applicable Rate Schedules
Customer Choice - Rider CC	\$ 0.00010 /thm	RSS/RDS/SGSS/SGDS/SCD/DGDS
Universal Service Plan - Rider USP	\$ 0.12089 /thm	RSS/RDS
Distribution System Improvement Charge - Rider DSIC	0.00%	This percentage is applied to the Distribution Charge and the Customer Charge. See Pages 177-180a for Rider DSIC details.
Elective Balancing Service - Rider EBS:		
Option 1 - Small Customer	\$ 0.01645 /thm	SGDS/SDS
Option 1 - Large Customer	\$ 0.00856 /thm	LDS/MLDS
Option 2 - Small Customer	\$ 0.00697 /thm	SGDS/SDS
Option 2 - Large Customer	\$ 0.00226 /thm	LDS/MLDS
Gas Procurement Charge - Rider GPC	\$ 0.00113 /thm	RSS/SGSS/LGSS/MLSS
Merchant Function Charge - Rider MFC	\$ 0.00577 /thm	RSS
Merchant Function Charge - Rider MFC	\$ 0.00168 /thm	SGSS
Purchased Gas Cost - Rider PGC	Pg. 21a & 21b	Rate Schedules specified on Page 21a & 21b
Energy Efficiency Rider	\$ 0.00361 /thm	RSS/RDS

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Gas Supply Charge Summary				
Rate per thm				
Rate Schedule	PGCC	Rider GPC	Rider MFC	Total Gas Supply Charge
Rate CAP - Customer Assistance Plan	\$ 0.39968	0.00113	0.00577	0.40658
Rate RSS - Residential Sales Service	\$ 0.39968	0.00113	0.00577	0.40658
Rate SGSS - Small General Sales Service	\$ 0.39968	0.00113	0.00168	0.40249
Rate LGSS - Large General Sales Service	\$ 0.39968	0.00113	-	0.40081
Rate MLSS - Main Line Sales Service	\$ 0.39968	0.00113	-	0.40081

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Pass-through Charge Summary							
Rate per thm							
Rate Schedule	PGDC	PGDC "E" Factor	Capacity Assignment Factor	Pipeline Refund/ Penalty Credits	Rider CC	Rider USP	Total Pass- through
Rate CAP - Customer Assistance Plan	\$ 0.23269	(0.00419)	-	(0.00008)	-	-	0.22842
Rate RSS - Residential Sales Service	\$ 0.23269	(0.00419)	-	(0.00008)	0.00010	0.12089	0.34941
Rate SGSS - Small General Sales Service	\$ 0.23269	(0.00419)	-	(0.00123)	0.00010	-	0.22737
Rate LGSS - Large General Sales Service	\$ 0.23269	(0.00419)	-	(0.00123)	-	-	0.22727
Rate MLSS - Main Line Sales Service	\$ 0.23269	(0.00419)	-	(0.00123)	-	-	0.22727
Rate RDS - Residential Distribution Service	\$ 0.23269	(0.00419)	(0.02686)	(0.00008)	0.00010	0.12089	0.32255
Rate SCD - Small Commercial Distribution (Choice)	\$ 0.23269	(0.00419)	(0.02686)	(0.00123)	0.00010	-	0.20051
Rate SGDS - Small General Distribution Service							
Priority One (P1)	\$ 0.23269	(0.00419)	-	(0.00123)	0.00010	-	0.22737
Non-Priority One (NP1)	-	-	-	-	0.00010	-	0.00010
Rate SDS - Small Distribution Service	\$ -	-	-	-	-	-	-
Rate LDS - Large Distribution Service	\$ -	-	-	-	-	-	-
Rate MLDS - Main Line Distribution Service	\$ -	-	-	-	-	-	-

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Price-to-Compare (PTC) Summary						
Rate per thm						
Customer Class	PGCC	Gas Cost Adjustment	Capacity Assignment Factor	Rider GPC	Rider MFC	Total Price-to-Compare
Residential	\$ 0.39968	0.03505	0.02686	0.00113	0.00577	0.46849
Commercial < = 64,400 thm/year	\$ 0.39968	0.03505	0.02686	0.00113	0.00168	0.46440

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RIDER PGC - PURCHASED GAS COST**PROVISIONS FOR RECOVERY OF PURCHASED GAS COSTS****RIDER PGC APPLICABLE TO SALES SERVICE CUSTOMERS**

Rates for each thm of gas supplied to sales customers subject to this Rider under the Rate RSS, Rate SGSS, Rate LGSS, and Rate MLSS rate schedules shall include \$0.66323 per thm for recovery of purchased gas costs. This rate includes the commodity cost component (CC) of \$0.39968 per thm, the commodity "E" Factor component (CE) of \$0.03505 per thm, the demand cost component (DC) of \$0.23269 per thm, and the demand "E" Factor component of (\$0.00419) per thm. (I)

RIDER PGC APPLICABLE TO SGDS PRIORITY ONE CUSTOMERS

Rates for each thm of gas distributed under the Rate SGDS rate schedules for Priority-One Service customers shall include \$0.22850 per thm for recovery of Purchased Gas Demand Costs (PGDC). This rate includes the DC of \$0.23269 per thm and the demand "E" Factor component of (\$0.00419) per thm. (I)

RIDER PGC CHARGED TO CHOICE DISTRIBUTION SERVICE CUSTOMERS

Rates for each thm of gas distributed under Rate RDS and Rate SCD shall include \$0.20164 per thm for recovery of Purchased Gas Demand Costs. This rate includes the DC of \$0.23269 per thm, the Capacity Assignment Factor (CAF) of (\$0.02686) per thm and the DC "E" Factor component of (\$0.00419) per thm. The CAF represents costs not assignable to Choice Distribution Service customers. (D)(I)

Such rates 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 purchased gas costs, as calculated in the manner set forth below.

PRESENTATION ON CUSTOMER BILLS

For sales service customers served under Rate RSS, Rate SGSS, Rate LGSS and Rate MLSS, the Pass-through Charge includes the PGDC of \$0.23269 per thm plus the demand "E" Factor of (\$0.00419) per thm. The two factors total \$0.22850 per thm. The Gas Supply Charge includes the PGCC of \$0.39968 per thm. The Gas Cost Adjustment is the commodity "E" Factor of 0.03505 per thm. (I)

For General Distribution Service customers served under Priority-One Rate SGDS, the Pass-through Charge includes the PGDC of \$0.23269 per thm and the demand "E" Factor component of (\$0.00419) per thm, totaling \$0.22850 per thm. (I)

For Choice Distribution Service customers served under Rate RDS or Rate SCD, the Pass-through Charge includes the PGDC of \$0.23269 per thm, the CAF of (\$0.02686) per thm and the demand "E" Factor component of (\$0.00419) per thm, all of which total \$0.20164 per thm. (D)(I)

QUARTERLY UPDATES

The Company's rates for recovery of purchased gas costs are also subject to quarterly adjustments under procedures set forth in the Commission's regulations at 52.Pa. Code § 53.64 (i) (5). Such updates shall reflect, in addition to the provisions of the regulation, adjustments to the projected commodity cost of purchased gas based upon more current versions of the same sources of data and using the same methods to project the commodity cost of purchased gas approved by the Commission in the Company's most recent annual proceeding for recovery of purchased gas costs under section 1307(f) of the Public Utility Code.

(D) Indicates Decrease (I) Indicates Increase

RIDER PGC - PURCHASED GAS COST (Continued)

COMPUTATION OF PURCHASED GAS DEMAND COSTS PER THM – Continued

Supplier Refunds and Pipeline Penalty Credits that are not included in "CE" will be included in the calculation of "DE". Supplier Refunds and Pipeline Penalty Credits will include interest added at the annual rate of six percent (6%) calculated from the month received to the effective month such refund is refunded. The period over which such refunds will be made shall be established by the Commission.

"S" - projected thms of gas to be billed to customers under the distribution charges of the Rate RSS, Rate SGSS, Rate LGSS, and Rate MLSS rate schedules plus the projected thm of gas to be distributed to customers under Rate RDS, Rate SCD and SGDS Priority One Distribution rate schedules of this Tariff during the period when rates will be in effect.

The portion of Supplier Refunds and Penalty Credits that would otherwise be credited to residential customers shall be credited to the Hardship Fund (mentioned in the USP Rider section of this tariff) when the balance of the Hardship Fund falls below \$750,000. The non-residential portion of Supplier Refunds and Penalty Credits will be credited to applicable non-residential customers through the PGC. When the Hardship Fund balance is \$750,000 or more, and Pipeline Supplier Refunds and Pipeline Penalty Credits received by the Company will be included in the calculation of the PGDC as specified above.

PROVISION OF PURCHASED GAS DEMAND COST CREDIT DUE TO CUSTOMERS ELECTING CHOICE DISTRIBUTION SERVICE – CAPACITY ASSIGNMENT FACTOR (CAF)

The Purchased Gas Demand Cost (PGDC) rate included in the Pass-through Charge billed to Choice Distribution Service customers served under Rate RDS or Rate SCD shall be \$0.20164 per thm. Such rate shall be equal to the PGDC component of \$0.22850 per thm as calculated above, less the CAF of \$0.02686 per thm. The CAF shall be equal to the projected annual cost of assigned Firm Capacity less estimated annual storage commodity costs (storage injection, withdrawal, shrinkage and commodity transportation cost) with the net divided by the estimated, normalized annual usage of customers electing Choice Distribution Service. The CAF of \$0.02686 per thm representing costs not assignable to CHOICE customers shall be included in the Price-to-Compare.

(I)(D)

DETERMINATION OF OVER/UNDERCOLLECTION OF GAS COSTS

Commodity E-factor

In computing the experienced over/under collection of purchased gas commodity costs for a period defined by the Commission, the following procedure shall be used:

- (a) All experienced purchased gas commodity costs actually incurred by the Company to service customers pursuant to all rate schedules of this Tariff.

Experienced purchased gas commodity costs shall include, but not be limited to, the following:

- (1) payments to suppliers to accept assignment of capacity on interstate pipelines other than Columbia Gas Transmission, LLC to the extent permitted under the Rules Applicable to Distribution Service;
- (2) costs paid for employing futures, options and other risk management tools, including but not limited to, supplier related costs associated with the fixed price contracts or financial contracts utilized by the Company to lessen the impact of price volatility for PGC customers; and
- (3) the index price of gas purchased from distribution customers under the provisions of the Deliveries in Excess of Consumption section of Paragraph 3 of the Rules Applicable to Distribution Service.

(D) Indicates Decrease (I) Indicates Increase

PURCHASED GAS COST RIDER (Continued)

SHARING MECHANISM FOR OFF-SYSTEM SALES AND CAPACITY RELEASE REVENUES

The sharing mechanism for the off-system sales and capacity release revenues shall be as follows. Customers shall receive 75% of all net proceeds through credits in the PGC rates. The Company will calculate the projected credit for each PGC application period (October through the following September) using a two-year PGC period average, with one year being the most recently completed PGC period available at the time the PGC pre-filing is submitted and the second year being the projected customer share of USM net margin for the current PGC filing year at the time the pre-filing is submitted. Each September, the credits actually received by customers in the PGC application period then ending will be reconciled to the customers' share of the net proceeds actually realized during that period, and any difference will be included in the E-factors for the following PGC application period. (C)

The projected off-system sales and capacity release margins credited to the PGC will be reflected in the Purchased Gas Demand Cost (PGDC). The reconciliation of prior year projections and actual off-system sales and capacity release margins will be reflected in the Demand "E" Factor.

(C) Indicates Change

RIDER DSIC - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 0.00% will apply consistent with the Commission Order dated March 14, 2013 at Docket No. P-2012-2338282, approving the DSIC.

(D)

GENERAL DESCRIPTION

Purpose

To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Utility with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

Eligible Property

The DSIC-eligible property will consist of the following:

- Piping (account 376);
- Couplings (account 376);
- Gas services lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (account 381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs.

Effective Date

The DSIC will become effective for bills rendered on and after July 1, 2023.

(C)

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