SCHEDULE 303 WASHINGTON ENVIRONMENTAL COST RECOVERY MECHANISM

PURPOSE:

The purpose of this Schedule is to identify adjustments to rates in the Rate Schedules listed below for the amortization of balances in the Washington Environmental Cost Recovery Mechanism account ("ECRM Account") related to environmental site remediation costs that have been deemed prudent by the Commission, including past deferred manufactured gas plant (MGP) operations costs pursuant to Commission Order 01, in Docket UG-110199.

TERM:

Adjustments under this Schedule shall occur annually and continue for a period of one (1) year following the date that the last remediation expenses are incurred, or such other date as the Commission may approve.

APPLICABLE:

To all Sales and Transportation Service Customers served under the following Rate Schedules of the Tariff of which Schedule 303 is a part:

Rate Schedule 1	Rate Schedule 41
Rate Schedule 2	Rate Schedule 42
Rate Schedule 3	Rate Schedule 43
Rate Schedule 27	

DEFINITIONS:

The following definitions apply to this Schedule:

<u>Collection Period</u> is the 12-month period November 1 through October 31 coincident with the Purchased Gas Adjustment (PGA) Year in which amounts in the ECRM Account will be amortized. Any future change in the PGA Year will automatically carry to the Collection Period under this Schedule.

Environmental Site Remediation Costs are all costs that relate to environmental remediation, including for past manufactured gas plant (MGP) operations. Environmental Site Remediation Costs include investigation, testing, sampling, monitoring, removal, disposal, storage, remediation or other treatment of residues, land acquisition if appropriate, litigation costs/expenses or other liabilities excluding personal injury claims relating to MGP sites, disposal sites, sites that otherwise contain contamination that requires remediation for which the Company is responsible, or sites to which material may have migrated.

SPECIAL CONDITIONS - ECRM ADJUSTMENTS:

 All Environmental Site Remediation Costs and any proceeds from insurance companies or other third-parties, will be held in a deferral account. Annually on, or before, July 15, the Company will file with the Commission an ECRM tariff adjustment filing and the Environmental Cost Recovery Mechanism Regulatory Report described in Special Condition 6.

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(continue to Sheet 303.2)

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