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RULES AND REGULATIONS (Continued) (T)
RULE NO. 26: Purchased Gas Adjustment Mechanism (Continued)

2. Adjustments under this rule may include:
   a. Commodity costs associated with the Company's
      i. acquisition of natural gas commodities from producers or marketers, including renewable natural gas; (C) (T) (C)
      ii. withdrawal of natural gas from storage sources and; (T)
      iii. off-system sales, capacity releases and exchanges and; |
      iv. wholesale market hedge program credit facility costs. (T)
   b. Demand costs associated with
      i. demand charges for long-term and seasonal gas supplies, including renewable natural gas and; (C) (T) (C)
      ii. pipeline transportation reservation charges, including, but not necessarily limited to United States or Canadian demand charges for transportation service, whether paid directly to a pipeline or incorporated as a component of charges paid to a producer or marketer; (T)
      iii. storage and LNG delivery and capacity demand charges; (T)
      iv. demand charges involving off-system sales and capacity releases. (T)

3. The demand and commodity costs included in the gas cost rate will be determined on the basis of the Company's projected volumetric commodity purchase requirements for a twelve-month period. These projected costs will be based on reasonable and consistent methods and consistent methods of forward price forecasting and reflect anticipated material contract changes.

4. The PGA commodity cost will be calculated by dividing the projected total commodity costs by the projected total commodity sales volumes for the applicable forecast period. The result is then multiplied by the revenue adjustment factor. The PGA commodity charge change is derived by subtracting the new PGA commodity charge (prior to the revenue adjustment factor) from the existing PGA commodity charge (prior to the revenue adjustment factor).

5. The PGA demand cost will be calculated by dividing the projected total demand costs, as allocated to each rate schedule, by the projected total commodity sales volumes, or other consistent billing determinants for each rate schedule for the applicable forecast period. The result is then multiplied by the revenue adjustment factor. The PGA demand charge change is derived by subtracting the new PGA demand charge (prior to the revenue adjustment factor) from the existing PGA demand charge (prior to revenue adjustment factor).