
SCHEDULE A

ADDITION OF CITY EXACTIONS

APPLICABLE:

This schedule applies to gas service rendered by the Company within the corporate limits of the cities in the State of Washington herein specified, under the Company's effective tariff schedules and contracts.

PURPOSE:

In order to offset city exactions upon or in respect to the manufacture, purchase, transmission, distribution or sale of gas, or the conduct of such business or any part thereof, by the Company, there shall be added to the charges payable by customers under such tariff schedules or contracts, except as noted under "Exclusions," the amount of the city exactions set forth herein.

ADJUSTMENTS TO EXACTION TAX RATES:

When the Company has paid an exaction tax assessment relating to a prior period to a city for which Exaction Rates apply, as set forth in this Schedule A, an amount required to collect such assessments, less any penalties, will be added to the stated Billed Exaction Rate. The amount and duration of any such exaction tax rate adjustment is reflected in the Exaction Tax Rates provisions of this **Schedule A**.

No adjustments to the Billed Exaction Rate shall be made by the Company without Commission approval. The Company's request for approval of an exaction rate adjustment must include: (a) the total amount assessed by the city, excluding (or less) any penalties or amounts assessed by the taxing jurisdiction that are punitive in nature; (b) the amount to be added to the Billed Exaction Rate, (c) the duration that the adjustment will apply to the Billed Exaction Rate, and (d) work papers showing the calculation of the exaction rate adjustment. If the Company proposes that the adjustment be in effect for greater than 12 consecutive calendar months, the Company may include carrying costs in the amount of the Company's authorized after tax rate of return.

Should any prior period tax assessments collected from Customers under this **Schedule A** be subsequently reversed by the taxing city, the Company will file to revise the exaction rate adjustment to refund any amounts paid by customers up to the date of the reversal. If the Company proposes that the refunded adjustment be in effect for greater than 12 consecutive calendar months, the Company must include carrying costs in the amount of the Company's authorized after tax rate of return. The refund may be applied to Customer bills as a one-time bill adjustment at the Company's discretion.

GENERAL TERMS:

Service under this Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff, any other Schedules that by their terms or by the terms of this Rate Schedule apply to service under this Rate Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

(continue to Sheet A.2)

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