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SUBJECT: Purchased Gas Adjustment - PGA

### **APPLICABILITY**

This Purchased Gas Cost Adjustment Mechanism shall apply to all Jo-Carroll Energy rate schedules for natural gas service.

### **CHANGES IN THE PURCHASED GAS COST FACTOR**

The Purchased Gas Cost Factor, a charge per therm of gas consumption designed to recover from customers the costs of natural gas supply and associated upstream transportation and storage costs, shall be revised and changed monthly in accordance with the methodology set forth herein. The Cooperative, however, reserves the right to change the Purchased Gas Cost Factor whenever necessary to reflect billing adjustments, penalties or other unanticipated impacts on purchased gas costs.

### **CALCULATION OF THE PURCHASED GAS COST FACTOR**

Since actual purchased gas costs for a particular month are not known during the month that service is rendered, an estimate of the total cost of purchased gas, including all charges for gas commodity purchases, gas storage, pipeline capacity, fuel and variable transportation costs shall be made prior to the beginning of each month. This estimated purchased gas cost, plus a true-up amount equal to the difference between actual purchased gas costs and actual revenues collected through the Purchased Gas Cost Factor during the preceding month, shall be divided by projected gas sales volumes for the month to yield the Purchased Gas Cost Factor.

The Purchased Gas Cost Factor per therm will be calculated as follows:

$$PGA = (C_e + (C_a - C_p)) / T_e$$

PGA Natural gas cost for all gas delivered during the current month

$C_e$  All estimated costs associated with the purchase and transportation of natural gas to the Cooperative's distribution system for the current month

$C_a$  All actual costs associated with the purchase and transportation of natural gas to the Cooperative's distribution system for the preceding month

$C_p$  All estimated costs associated with the purchase and transportation of natural gas to the Cooperative's distribution system collected the preceding month

$T_e$  Total estimated therms to be sold during the current month

**Jo-Carroll Energy**  
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**CAPACITY RELEASE CREDITS, OFF-SYSTEM SALES AND REFUNDS**

Any revenues received by the Cooperative associated with the release of reserved interstate pipeline capacity, off-system sales of natural gas, or refunds from wholesale suppliers shall be credited to the Purchased Gas Cost Factor as soon as practicable to accrue to the benefit of the Cooperative's gas customers.

Version History			
Version	Date	Revised By	Change Description
2	7/17/15	PGK	Transferred to new policy format
1	2/25/09		Reviewed
1	04/01/07		Initiated
1	02/28/07		Approved by Board of Directors