

GAS FOR ELECTRIC GENERATION SERVICE

UTILITY RATE SCHEDULE G-8

A. APPLICABILITY:

This schedule applies to customer-owned power generating facilities who have retained gas direct access eligibility. Gas supplied under this schedule is only available for the electric generation portion of the customer's load purchases.

B. TERRITORY:

This schedule applies anywhere the City of Palo Alto provides natural gas service.

C. UNBUNDLED RATES:

Per Service

Monthly Customer Charge: \$345.00

Per Therm Charges (To be added to Customer Charge) Per Therm

Supply Charge:

Commodity Charge.....	\$0.10-\$2.00
Administrative Fee.....	\$0.0227
PG&E Local Transportation.....	\$0.0212

Distribution Charge:

Palo Alto Local Distribution.....	\$0.1870
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D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

(A) Commodity Charges

The Commodity Charge for qualifying customers under this schedule may be determined based on one of two methods:



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- a. Weighted-Average Commodity Rate (available to all customers):
 - i. The Commodity Charge will be equal to the City's weighted average cost of gas calculated at the PG&E City Gate for gas purchased by the City at first of the month and daily market prices for that month.
 - ii. The commodity charge will fall within the minimum/maximum range set forth in Section C, and include the cost of transporting the gas to the PG&E City Gate.
 - iii. Election of this commodity charge basis does not have a term, and constitutes the default billing basis for delivery should the customer not elect or renew a Fixed-Term Commodity Rate, as specified below;
- b. Fixed-Term Commodity Rate (available to customers with generation loads over 250,000 therms annually)
 - i. The Commodity Charge and the term of said charge will be set at the time when the customer signs a letter acknowledging the term and price agreed upon with CPAU. The Commodity Charge shall be based upon the customer class average load shape, a risk premium, and market prices: The Commodity Charge will fall within the range set in Section C of this Schedule and will be for gas delivered to PG&E City Gate.
 - ii. The Commodity Charge shall be fixed for a 12 or 24-month term.
 - iii. Qualifying customers who choose to be charged under this commodity charge basis are required to sign a letter with CPAU committing to a price and term and to adhere to rules and regulations set forth in CPAU Rule and Regulation No. 5 (Contracts). The letter shall indicate the estimated gas consumption over the term of the contract rate. This consumption shall be served solely by CPAU.
 - iv. Should the customer elect a Fixed-Term Commodity option, the customer must remain on the term rate for the term indicated on the Confirmation Schedule, providing the customer continues to receive distribution services from the City. The confirmation Schedule shall



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indicate the Customer's approximate gas usage (load) over the term of the contract. This load shall be served solely by CPAU.

- (B) The other components of the rate: Administrative Fees, Transportation Charges, Distribution Charges and Monthly Customer Charges may be modified periodically with the Council's approval.
 - a. The Administrative Fee is equal to the allocable administrative and overhead costs incurred by the City in providing the gas service.
 - b. PG&E Local transportation charge is equal to the cost of transporting gas from PG&E City Gate to the Palo Alto City Gate.

2. Special Conditions

Service under this schedule is subject to discontinuance in whole or in part, for operational reasons, or if the City experiences supply or capacity shortages. The City will exercise reasonable diligence and care to furnish and deliver continuous service and a sufficient quantity of gas to customers, but does not guarantee continuity of service or sufficiency of quantity. The City shall not be liable for any damage caused by interruption of service, if the interruption of service is caused by an act of God, Fire, Strikes, riots, war, or any other cause that is beyond the City's control.

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