

RESIDENTIAL GAS SERVICE

UTILITY RATE SCHEDULE G-1

A. APPLICABILITY:

This schedule applies to the following Customers receiving Gas Service from City of Palo Alto Utilities:

1. Separately-metered single-family residential Customers.
2. Separately-metered multi-family residential Customers in multi-family residential facilities.

B. TERRITORY:

This schedule applies anywhere the City of Palo Alto provides Gas Service.

C. UNBUNDLED RATES:

Per Service

Monthly Service Charge:\$10.37

Tier 1 Rates:

Per Therm

Supply Charges:

- | | |
|--|---------------|
| 1. Commodity (Monthly Market Based)..... | \$0.10-\$2.00 |
| 2. Cap and Trade Compliance Charge | \$0.00-\$0.25 |
| 3. Transportation Charge | \$0.00-\$0.15 |
| 4. Carbon Offset Charge | \$0.00-\$0.10 |

Distribution Charge:..... \$0.5038

Tier 2 Rates: (All usage over 100% of Tier 1)

Supply Charges:

- | | |
|--|---------------|
| 1. Commodity (Monthly Market Based)..... | \$0.10-2.00 |
| 2. Cap and Trade Compliance Charge | \$0.00-\$0.25 |
| 3. Transportation Charge | \$0.00-\$0.15 |
| 4. Carbon Offset Charge | \$0.00-\$0.10 |

Distribution Charge:..... \$1.2882

D. SPECIAL NOTES:

1. Calculation of Cost Components

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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.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter.

The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required.

The Carbon Offset Charge reflects the City's cost to purchase offsets for greenhouse gases produced in the burning of natural gas. The Carbon Offset Charge will change in response to changing market conditions, changing sales volumes and the quantity of offsets purchased within the Council-approved per therm cap.

The Transportation Charge is based on the current PG&E G-WSL rate for Palo Alto, accounting for delivery losses to the Customer's Meter.

The Commodity, Cap and Trade Compliance, Carbon Offset and Transportation Charges will fall within the minimum/maximum ranges set forth in Section C.

2. Seasonal Rate Changes:

The Summer period is effective April 1 to October 31 and the Winter period is effective from November 1 to March 31. When the billing period includes use in both the Summer and the Winter periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates for each period. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

3. Calculation of Usage Tiers

Tier 1 natural gas usage shall be calculated and billed based upon a level of 0.667 therms per day during the Summer period and 2.0 therms per day during the Winter period,

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rounded to the nearest whole therm, based on meter reading days of service. As an example, for a 30 day bill, the Tier 1 level would be 20 therms during the Summer period and 60 therms during the Winter period months. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

{End}

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*Supersedes Sheet No G-1-3
dated 7-1-2019*



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Sheet No **G-1-3**
Effective 7-1-2020