



155 East Broad Street  
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April 13, 2018

**VIA ELECTRONIC FILING**

Ms. Barcy McNeal  
Administration Docketing  
Public Utilities Commission of Ohio  
180 East Broad Street, 11<sup>th</sup> Floor  
Columbus, Ohio 43215-3793

Re: *Application of Duke Energy Ohio, Inc., for Approval to Modify Rider FBS and Rider EFBS*  
Case No. 18-0040-GA-RDR

Dear Ms. McNeal:

On January 3, 2018, Duke Energy Ohio, Inc. (Duke Energy Ohio or Company) made application to the Commission for approval to modify the rates in Rider FBS and Rider EFBS pursuant to R.C. 4909.18. Commission Staff found the modified rates to be reasonable and recommended approval in its Review and Recommendation filed on January 8, 2018.

Thereafter, on February 2, 2018, Duke Energy Ohio requested that the Entry in this proceeding be delayed since the rates from the supplier as described in its application were subject to change due to the enactment of the Tax Cuts and Jobs Act of 2017 (TCJA).

The rates that Duke Energy Ohio pays to Columbia Gas Transmission for the transportation of storage gas have been revised pursuant to the TCJA. New rates are effective as of March 1, 2018.

Attached is an Adobe Acrobat file with two pages showing the calculation of the EFBS and FBS rates based on the new rates from Columbia Gas Transmission. Also attached are clean and redline versions of the proposed changes to the Company's EFBS and FBS tariff sheets.

Duke Energy Ohio now respectfully requests that the Commission approve the Company's application as filed and as recommended by the Staff of the Public Utilities Commission of Ohio.

Please contact me with questions.

Sincerely,

/s/ Elizabeth H. Watts

Elizabeth H. Watts  
Associate General Counsel  
Duke Energy Ohio, Inc.

**Duke Energy Ohio  
Gas Commercial Operations  
Storage Cost of Columbia Gas FSS/SST and Texas Gas NNS  
EFBS Calculation based on Pipeline Rates Effective April 1, 2018**

**Duke Energy's Demand & Commodity EFBS Rate (Excluding Fuel)**

				Annual Cost
<b>Demand Charges</b>				
<b>Columbia Gas FSS</b>				
FSS SCQ	9,244,079	dth	\$0.0288	12
FSS MDWQ	216,514		\$1.5010	12
Winter SST	216,514		\$5.6850	6
Summer SST	108,257		\$5.6850	6
<b>Texas Gas NNS Unnominated</b>				
NNS Winter	25,000		\$0.4190	151
NNS April	15,625		\$0.4190	30
NNS October	20,625		\$0.4190	31
<b>Texas Gas NNS Nominated *</b>				
NNS Winter	6,250		\$0.1048	151
NNS April - Oct	10,982		\$0.1048	214
				\$20,563,772.57
Divided by MDWQ (TGT & TCO)				241,514
Divided by # of Months				12
<b>EFBS Demand Charge per Max Daily Delivery Quantity (MDDQ)</b>				<b>\$7.10 /dth/month</b>

<b>Commodity Charges</b>				
SST Inject **			\$0.0200	
FSS Inject			\$0.0153	
FSS Withdraw			\$0.0153	
SST Withdraw			\$0.0187	
KO ITS-F Commodity **			\$0.0713	
TCO Commodity Charges	9,244,079	x	\$0.1406	\$1,299,717.51
TGT Commodity Charges	2,350,000	x	\$0.0632	\$148,520.00
<b>Total Commodity Charges</b>				<b>\$1,448,237.51</b>
Total Firm Throughput (Sales and Choice Program)				50,324,321 mcf
<b>EFBS Commodity Charge per dth of throughput</b>				<b>\$0.029 per mcf</b>

\* Rate is based on difference between Texas Gas Transmission's maximum rates for NNS and FT.

\*\* Commodity Charges include ACA of \$0.0013

**Duke Energy Ohio**  
**RFT/FT Program Balancing Charge**  
**FBS Calculation based on Pipeline Rates Effective April 1, 2018**

**CGT FSS Fixed and Variable Storage Costs:**

		(1)	(2)	(3)	(4)
	Volume Description	Volumes (in dth)	Monthly Demand Rate (\$/dth)	Time Period (in Months)	Calc (1)*(2)*(3) Total
Storage MDQ Capacity	(A)	124,300	\$1.5010	12	\$ 2,238,898.80
SST wd	(B)	124,300 * 41.67	\$0.0288	12	\$ 1,790,068.95
	(D)	Daily Storage MDQ	\$5.6850	9	\$ 6,359,829.97

		(1)	(2)	(3)	(4)
	Volume Description	Volumes (in dth)	Rate (\$/dth) or Fuel %	Gas Cost	Calc (1)*(2)*(3) Total
FSS Withdrawal Fee	(C)	7,400 dth/d * 123 days	\$0.0153		\$ 13,926.06
FSS Injection Fee	(C)	7,400 dth/d * 123 days	\$0.0153		\$ 13,926.06
FSS Retention	(C)	7,400 dth/d * 123 days	0.540%	\$ 2.593	\$ 12,744.46
SST Commodity Withdrawal	(C)	7,400 dth/d * 123 days	\$0.0187		\$ 17,020.74
SST Commodity Injection	(C)	7,400 dth/d * 123 days	\$0.0200		\$ 18,204.00
SST Fuel Shrink Inj	(C)	7,400 dth/d * 123 days	1.454%	\$ 2.533	\$ 33,527.17
SST Fuel Shrink W/D	(C)	7,400 dth/d * 123 days	1.454%	\$ 2.622	\$ 34,705.54
FSS Injection Fee		Daily Storage MDQ	\$0.0153		\$ 1,901.79
FSS Withdrawal Fee		Daily Storage MDQ	\$0.0153		\$ 1,901.79
FSS Retention		Daily Storage MDQ	0.540%	\$ 2.593	\$ 1,740.43
SST Commodity Withdrawal		Daily Storage MDQ	\$0.0187		\$ 2,324.42
SST Commodity Injection		Daily Storage MDQ	\$0.0200		\$ 2,486.01
SST Fuel Shrink Inj		Daily Storage MDQ	1.454%	\$ 2.533	\$ 4,578.60
SST Fuel Shrink W/D		Daily Storage MDQ	1.454%	\$ 2.622	\$ 4,739.52

Total Costs (5) \$ 10,552,524

Throughput - projected (in Mcfs) (6) 50,324,321

**Balancing Cost per Mcf** Calculation of (5)/(6) \$ 0.210

Estimated gas cost at Leach: \$ 2.533 (E)

Estimated gas cost at Storage Gate: \$ 2.593

Estimated inventory rate for withdrawals: \$ 2.622 (F)

(A) -- Based upon the winters of 1995-96 and 1996-97, estimated versus actual daily firm requirements.

((48070+48474)/2)\*2.575 (@ 99% Confidence)

(B) -- Capacity is the MDQ (124,300) times the the 41.67 days of activity.

(C) -- 910,200 dth represents the storage injections in May, June, July, and August for Oct/Nov underruns.

(D) -- SST w/d of 9 months represents 6 months at full capacity and 6 months at half capacity.

(E) -- \$2.533 is the average of the April through October NYMEX strip (\$2.614) price with fuels and commodity included to Leach.

(F) -- \$2.622 projected storage inventory rate with \$2.614 gas cost for injections.

## NYMEX Close (12/20/17)

Apr-18	2.544
May-18	2.558
Jun-18	2.603
Jul-18	2.648
Aug-18	2.652
Sep-18	2.634
Oct-18	2.660
	2.614

Inventory Rate		Leach		Storage Gate	
NYMEX	2.614	NYMEX	2.614	NYMEX	2.614
Basis	-0.112	Basis	-0.112	Basis	-0.112
FTS-1 Fuel	0.99246	FTS-1 Fuel	0.99246	FTS-1 Fuel	0.99246
FTS-1 Comm	0.0122	FTS-1 Comm	0.0122	FTS-1 Comm	0.0122
TCO Fuel	0.98546			TCO Fuel	0.98546
TCO Comm	0.0222			TCO Comm	0.0222
Inj Fee	0.0153				
Inj Fuel	0.99460				
Inventory Rate	2.622	Leach Rate	2.533	Leach Rate	2.593

Duke Energy Ohio  
139 East Fourth Street  
Cincinnati, Ohio 45202

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Sheet No. 75, 9  
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**RIDER FBS**  
**FIRM BALANCING SERVICE**

**APPLICABILITY**

Applicable to pools served by gas suppliers/aggregators that secure their own total upstream pipeline capacity necessary to meet the aggregated peak day requirements as more fully described under the Assignment of Capacity provision contained in Rate FRAS, Full Requirements Aggregation Service, Sheet No. 44, and that receive service for such pools under Rider FBS rather than Rider EFBS (Enhanced Firm Balancing Service) as more fully described under the Service provision contained in Rider EFBS, Enhanced Firm Balancing Service, Sheet No. 50.

**BALANCING SERVICE CHARGE**

The FBS charge, which will be applied to all monthly consumption of the supplier's aggregate FT and RFT services not included in a pool receiving service under Rider EFBS, is \$0. 210 per Mcf.

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**RIDER FBS**

**FIRM BALANCING SERVICE**

**APPLICABILITY**

Applicable to pools served by gas suppliers/aggregators that secure their own total upstream pipeline capacity necessary to meet the aggregated peak day requirements as more fully described under the Assignment of Capacity provision contained in Rate FRAS, Full Requirements Aggregation Service, Sheet No. 44, and that receive service for such pools under Rider FBS rather than Rider EFBS (Enhanced Firm Balancing Service) as more fully described under the Service provision contained in Rider EFBS, Enhanced Firm Balancing Service, Sheet No. 50.

**BALANCING SERVICE CHARGE**

The FBS charge, which will be applied to all monthly consumption of the supplier's aggregate FT and RFT services not included in a pool receiving service under Rider EFBS, is \$0.210 per Mcf.

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## RIDER EFBS

### ENHANCED FIRM BALANCING SERVICE

#### APPLICABILITY

Applicable to pools served by gas suppliers/aggregators that secure their own total upstream pipeline capacity necessary to meet the aggregated peak day requirements as more fully described under the Assignment of Capacity provision contained in Rate FRAS, Full Requirements Aggregation Service, Sheet No. 44, and that elect or are required to receive service for such pools under Rider EFBS rather than Rider FBS (Firm Balancing Service).

#### SERVICE

- a) Service provided under Enhanced Firm Balancing Service (EFBS) shall be subject to the limitations set forth below. Such service shall be provided on a firm basis and shall apply to all gas delivered to the Company for the Supplier and provided pursuant to this tariff, up to the Bank Contract Quantity (BCQ) set forth herein. Supplier's Maximum Daily Delivery Quantity (MDDQ) shall be that specified herein.
- b) Initial allocation of EFBS shall be as follows:
  1. Any Supplier whose FRAS Pool Maximum Daily Quantity (MDQ) exceeds 1,000 Dth/day, shall be allocated EFBS with an MDDQ equal to the proportion of the Company's no-notice balancing service quantity to its firm system design day times the Supplier's MDQ adjusted up to the nearest factor of 3,000.
- c) Suppliers with a FRAS Pool MDQ less than 1,000 Dth/day shall continue under the Company's Rider FBS. Suppliers with a FRAS Pool MDQ greater than or equal to 1,000 Dth/day and less than 6,000 Dth/day shall have the option of receiving balancing service under EFBS or continuing under the Company's Rider FBS. Suppliers with a FRAS Pool MDQ greater than or equal to 6,000 Dth/day shall receive service under Rider EFBS. The determination will be made based on the MDQ as of December 31 of the preceding year based on the combination of all firm pools operated by the same company. Supplier pools for process-only load, comprised entirely of customers whose loads are not weather dependent (e.g. gas fired electric generation), shall be exempt from receiving service under EFBS. The annual election, if applicable, shall be made on or before January 15 of each year to become effective on April 1 of each year.
- d) Incremental allocation/reduction of EFBS shall be as follows:
  1. Any Supplier whose MDQ crosses a factor of 3,000 Dth/day (herein, threshold) shall receive an allocation/reduction of its EFBS with an MDDQ equal to the proportion of the Company's no-notice balancing service quantity to its firm system design day times the Supplier's threshold (3,000 Dth/day), which will remain effective from the first of the following month in which the threshold was reached until such time as another threshold is reached.
  2. For purposes of determining increases to the EFBS bank and MDDQ, the supplier's MDQ must exceed the next threshold by at least 500 Dth per day or exceed the threshold by a lower amount for three (3) consecutive months. For purposes of determining decreases to the EFBS bank and MDDQ, the supplier's MDQ must be at least 500 Dth per day lower than the previous threshold or remain under the previous threshold by a smaller amount for

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three (3) consecutive months. For situations where the threshold has been either exceeded or decreased as stated in the previous two sentences, measurements shall occur on the 25<sup>th</sup> day of each month, unless such day is not a business day, in which case such measurement shall occur on the next following business day.

**SERVICE (Contd.)**

- e) The Supplier's BCQ ratio to its allocated MDDQ will be equal to the Company's ratio of daily no-notice balancing service quantity to its annual no-notice storage quantity with its storage service provider. The Company's ratio shall be determined on an annual basis. Both the Company's no-notice balancing service quantity and its annual no-notice storage quantity with its storage service providers will be established prior to the notification deadline for selecting EFBS service, and will not be changed within the associated gas year. The Company may adjust those percentages to reflect changes in the Agreement with its storage service provider, which may also necessitate changes in pricing with respect to the service. Any changes to the percentages or prices will be communicated to Suppliers on or before January 1 each year and will become effective to coincide with the Supplier's opportunity to select either FBS or EFBS service as outlined in Rate FRAS.

When initial or incremental EFBS is allocated to a Supplier, or recalled from a Supplier effective on the first day of any month, and the adjusted BCQ causes the Supplier's percent of EFBS bank to BCQ to be outside of the range specified below, then the Supplier must purchase, sell or transfer the required amount of bank so that the percent of EFBS bank to BCQ is within the specified range, within three (3) business days of the first day of the month such change is to become effective.

	<u>Minimum</u>	<u>Maximum</u>
April	0%	25%
May	0%	60%
June	14%	60%
July	34%	60%
August	54%	85%
September	75%	85%
October	88%	98%
November	95%	98%
December	78%	98%
January	59%	98%
February	36%	65%
March	18%	45%

1. This designation may require the Supplier to purchase, sell or transfer a specified volume of gas for the Supplier's EFBS bank in one of four ways (as determined by the Supplier, unless Supplier fails to purchase, sell or transfer specified volumes of gas, in which case option A shall be employed): (A) The Supplier may purchase natural gas from the Company, or sell to the Company, a portion of the Company's then current inventory with its storage service provider. The price for the gas purchased or sold by the Supplier for its bank volume shall equal the Company's inventory weighted average cost of gas with its storage service provider. The Company shall communicate the current inventory weighted average cost of gas to Suppliers. (B) The Supplier can purchase or sell the specified volume of gas from/to another Supplier that receives service under the EFBS, by transferring volumes of gas, provided that the transfer does not increase a Suppliers Bank above the maximum levels as defined in the EFBS tariff or decrease a Suppliers

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Bank below the minimum for the month. Each supplier involved in the transfer must notify the Company in writing of the amount to be transferred and the date on which the transfer is to be effective. (C) The Supplier can transfer the gas to/from its own or a third parties

**SERVICE (Cont'd.)**

storage account directly into the Company's storage account through an inter-company storage inventory transfer executed through the storage service provider. (D) The Supplier can transfer the gas to/from its IT Pool.

2. Suppliers will be required to pay for or transfer such gas designated for Supplier's BCQ in advance of the third (3<sup>rd</sup>) business day of the month in which service is effective unless other arrangements, acceptable to the Company, have been completed.
- f) Except as specified in h) below, Supplier's EFBS bank shall be increased or decreased by the daily difference between actual natural gas volumes received by the Company at its city gate and Supplier's back-cast Targeted Supply Quantity (TSQ), adjusted for fuel retainage in the following manner:
1. If the Supplier delivers more natural gas than the back-casted TSQ, then the Suppliers EFBS bank shall be increased by the amount of the over-delivery, calculated at the Company's city gate, plus the current KO Transmission fuel retainage and minus the current Columbia Gas Transmission SST and FSS fuel retainage.
  2. If the Supplier delivers less natural gas than the back-casted TSQ, then the Supplier EFBS bank shall be decreased by the amount of the under-delivery, calculated at the Company's city gate, plus the current Columbia Gas Transmission SST fuel retainage.
- g) On a day when Supplier's TSQ is greater than or equal to the MDQ, supplier shall have full access to the total MDDQ as specified in the EFBS tariff. The Supplier will not be required to make total deliveries, including the back-casted MDDQ, above the MDQ.
- h) The Company may, at its option, recall EFBS from a Supplier if that Supplier subsequently ceases its participation in the Company's Customer Choice program for any reason. The Company may also recall a proportional amount of the Supplier's gas bank if the Supplier's MDQ decreases below a 3,000 Dth increment (as detailed in subparagraph (d) 1. and (d) 2. above) and the Supplier's gas bank is above the maximum quantity for that month, to become effective on the first day of the following month.
1. If the Company recalls EFBS, or the Supplier's MDQ decreases below a 3,000 Dth increment and Supplier does not elect to proceed under subparagraph (i) 2., then the Company shall buy all or a portion of Supplier's gas bank. The price of the gas in the Supplier's bank purchased by the Company shall be the Company's inventory weighted average cost of gas with its storage service provider.
  2. Alternatively, the Supplier can sell or transfer the specified volume of gas as described in subparagraph (f) 1.
  3. In circumstances other than those described above, if a Supplier requests termination of EFBS other than at the time of the annual election, the Company may agree to

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termination at its sole discretion, and will elect to purchase any gas volumes remaining in the Supplier's bank at the above price options.

**SERVICE (Cont'd.)**

- i) The Maximum Monthly Bank Quantities (MMBQ) shall be limited to the following percentages of Supplier's BCQ:

April	15%	August	20%	December	10%
May	20%	September	13%	January	10%
June	20%	October	7%	February	10%
July	20%	November	5%	March	10%

- j) Supplier's Maximum Daily Bank Quantities (MDBQ) shall equal 1/25th of the Supplier's then current MMBQ, except during the months of November and December when the MDBQ shall equal 1/30th of the Supplier's then current MMBQ.
- k) A Supplier may have no more than 60% of its BCQ in bank as of June 30, and no more than 85% of its BCQ in bank as of August 31.
- l) The Company shall deliver Supplier's BCQ throughout the year, subject to the limitations set forth. Supplier's MDDQ shall be based upon and limited by Supplier's BCQ inventory remaining in bank determined in accordance with the Company's best estimates as follows:

% of banked gas in BCQ	% of MDDQ
100% to 30%	100%
less than 30% to 20%	80%
less than 20% to 10%	65%
less than 10% to 0%	50%

- m) The minimum and maximum monthly net withdrawal quantities for the months November through March shall be as follows:

<u>Month</u>	<u>Minimum % of BCQ</u>	<u>Maximum % of BCQ</u>
November	No minimum	40%
December	No minimum	40%
January	No minimum	40%
February	10%	30%
March	10%	20%

- n) If Supplier exceeds the maximum monthly net withdrawal limit during any of the months November through March, Supplier's maximum monthly net withdrawal quantity for the succeeding month shall be reduced by an amount equal to the excess quantities withdrawn during the excess withdrawal month. Supplier's withdrawals during the months April through October shall not be subject to maximum or minimum withdrawal limits; provided, however, that

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Supplier's withdrawals during that period shall be subject to the limitations of Supplier's BCQ levels.

#### SERVICE (Cont'd.)

- o) Supplier's maximum bank inventory on April 1 shall not exceed 25% of its BCQ. Supplier's maximum bank inventory on February 1 shall not exceed 65% of its BCQ. Quantities in excess of 25% of Supplier's BCQ shall not be carried over beyond April 1.

#### **BANK TRANSFERS**

- a) Suppliers may transfer volumes of gas held in their banks under the EFBS with other Suppliers receiving service under EFBS. Each supplier involved in the transfer must notify the Company in writing of the amount to be transferred and the date on which the transfer is to be effective.
- b) The transfer must not increase a Suppliers Bank above the maximum levels as defined in the EFBS tariff. Likewise, the transfer must not decrease a Suppliers Bank below the MBQ for the month.

#### **DELIVERY POINTS**

- a) The point of delivery for all gas tendered to the Company shall be the Company's city gate for EFBS service and, in accordance with the Supplier's FRAS Agreement with the Company, based upon a percentage north/south split. The north/south split for volumes up to the TSQ shall be the same as the split for Suppliers that have elected FBS and system supply. Volumes in excess of the TSQ will be subject to north/south restrictions in accordance with the Company's ability to inject gas per its agreements with the storage service providers.

#### **WAIVER REQUESTS**

- a) In regard to the above percentage limitations on withdrawals and injections, the Company shall allow deviations from these limitations to the extent that additional flexibility has been granted to the Company by its storage service providers. Waivers shall be granted by the Company on a non-discriminatory basis.

#### **RATE**

- a) For all services rendered pursuant to this tariff, Supplier each month shall pay the Company the charges set forth below:
  - 1. Demand Charge: \$7.10, assessed each month on each Dth of the Supplier's MDDQ;
  - 2. Commodity Charge: \$0.029, per Mcf, applied to all monthly consumption of the supplier's aggregate FT-S, FT-L, RFT and RFT-LI services not included in a pool receiving service under Rider FBS.
- b) Rates will be reviewed quarterly and adjusted based on current charges from the Company's storage service providers.

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**NON-COMPLIANCE**

- a) If Supplier's EFBS bank is less than zero on any day, then the Supplier shall purchase a quantity of natural gas from the Company sufficient to bring the Suppliers EFBS bank up to the minimum percent listed in Service, section (f) above for the month in which the bank became less than zero. The price shall be 110% of the higher of the inventory weighted average cost of gas with its storage service provider or the highest price at which the company purchased gas for that month plus interstate pipeline fuel, commodity and daily reservation charges.
- b) Except in instances when the Suppliers BCQ has been reduced due to a lower MDQ, if Supplier's EFBS bank is greater than 102% of their BCQ on any day, then the amount in excess of the maximum percent listed in Service section (f) above for the month in which the bank exceeded 102% shall be purchased by the Company for a price equal to 90% of the lower of the inventory weighted average cost of gas with its storage service provider or the lowest price at which the company purchased gas for that month plus interstate pipeline fuel, commodity and daily reservation charges.
- c) Supplier must pay any penalties incurred by the Company from one of its storage service providers that can be attributed to actions by the supplier that do not comply with the EFBS tariff.
- d) The Company may recall EFBS from a supplier for Non Compliance with the EFBS tariff. The Supplier will revert to the FBS at the beginning of the revenue month.

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**RIDER EFBS**

**ENHANCED FIRM BALANCING SERVICE**

**APPLICABILITY**

Applicable to pools served by gas suppliers/aggregators that secure their own total upstream pipeline capacity necessary to meet the aggregated peak day requirements as more fully described under the Assignment of Capacity provision contained in Rate FRAS, Full Requirements Aggregation Service, Sheet No. 44, and that elect or are required to receive service for such pools under Rider EFBS rather than Rider FBS (Firm Balancing Service).

**SERVICE**

- a) Service provided under Enhanced Firm Balancing Service (EFBS) shall be subject to the limitations set forth below. Such service shall be provided on a firm basis and shall apply to all gas delivered to the Company for the Supplier and provided pursuant to this tariff, up to the Bank Contract Quantity (BCQ) set forth herein. Supplier's Maximum Daily Delivery Quantity (MDDQ) shall be that specified herein.
- b) Initial allocation of EFBS shall be as follows:
  1. Any Supplier whose FRAS Pool Maximum Daily Quantity (MDQ) exceeds 1,000 Dth/day, shall be allocated EFBS with an MDDQ equal to the proportion of the Company's no-notice balancing service quantity to its firm system design day times the Supplier's MDQ adjusted up to the nearest factor of 3,000.
- c) Suppliers with a FRAS Pool MDQ less than 1,000 Dth/day shall continue under the Company's Rider FBS. Suppliers with a FRAS Pool MDQ greater than or equal to 1,000 Dth/day and less than 6,000 Dth/day shall have the option of receiving balancing service under EFBS or continuing under the Company's Rider FBS. Suppliers with a FRAS Pool MDQ greater than or equal to 6,000 Dth/day shall receive service under Rider EFBS. The determination will be made based on the MDQ as of December 31 of the preceding year based on the combination of all firm pools operated by the same company. Supplier pools for process-only load, comprised entirely of customers whose loads are not weather dependent (e.g. gas fired electric generation), shall be exempt from receiving service under EFBS. The annual election, if applicable, shall be made on or before January 15 of each year to become effective on April 1 of each year.
- d) Incremental allocation/reduction of EFBS shall be as follows:
  1. Any Supplier whose MDQ crosses a factor of 3,000 Dth/day (herein, threshold) shall receive an allocation/reduction of its EFBS with an MDDQ equal to the proportion of the Company's no-notice balancing service quantity to its firm system design day times the Supplier's threshold (3,000 Dth/day), which will remain effective from the first of the following month in which the threshold was reached until such time as another threshold is reached.
  2. For purposes of determining increases to the EFBS bank and MDDQ, the supplier's MDQ must exceed the next threshold by at least 500 Dth per day or exceed the threshold by a lower amount for three (3) consecutive months. For purposes of determining decreases to the EFBS bank and MDDQ, the supplier's MDQ must be at least 500 Dth per day lower than the previous threshold or remain under the previous threshold by a smaller amount for

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three (3) consecutive months. For situations where the threshold has been either exceeded or decreased as stated in the previous two sentences, measurements shall occur on the 25<sup>th</sup> day of each month, unless such day is not a business day, in which case such measurement shall occur on the next following business day.

**SERVICE (Contd.)**

- e) The Supplier's BCQ ratio to its allocated MDDQ will be equal to the Company's ratio of daily no-notice balancing service quantity to its annual no-notice storage quantity with its storage service provider. The Company's ratio shall be determined on an annual basis. Both the Company's no-notice balancing service quantity and its annual no-notice storage quantity with its storage service providers will be established prior to the notification deadline for selecting EFBS service, and will not be changed within the associated gas year. The Company may adjust those percentages to reflect changes in the Agreement with its storage service provider, which may also necessitate changes in pricing with respect to the service. Any changes to the percentages or prices will be communicated to Suppliers on or before January 1 each year and will become effective to coincide with the Supplier's opportunity to select either FBS or EFBS service as outlined in Rate FRAS.

When initial or incremental EFBS is allocated to a Supplier, or recalled from a Supplier effective on the first day of any month, and the adjusted BCQ causes the Supplier's percent of EFBS bank to BCQ to be outside of the range specified below, then the Supplier must purchase, sell or transfer the required amount of bank so that the percent of EFBS bank to BCQ is within the specified range, within three (3) business days of the first day of the month such change is to become effective.

	<u>Minimum</u>	<u>Maximum</u>
April	0%	25%
May	0%	60%
June	14%	60%
July	34%	60%
August	54%	85%
September	75%	85%
October	88%	98%
November	95%	98%
December	78%	98%
January	59%	98%
February	36%	65%
March	18%	45%

1. This designation may require the Supplier to purchase, sell or transfer a specified volume of gas for the Supplier's EFBS bank in one of four ways (as determined by the Supplier, unless Supplier fails to purchase, sell or transfer specified volumes of gas, in which case option A shall be employed): (A) The Supplier may purchase natural gas from the Company, or sell to the Company, a portion of the Company's then current inventory with its storage service provider. The price for the gas purchased or sold by the Supplier for its bank volume shall equal the Company's inventory weighted average cost of gas with its storage service provider. The Company shall communicate the current inventory weighted average cost of gas to Suppliers. (B) The Supplier can purchase or sell the specified volume of gas from/to another Supplier that receives service under the EFBS, by transferring volumes of gas, provided that the transfer does not increase a Suppliers Bank above the maximum levels as defined in the EFBS tariff or decrease a Suppliers

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Bank below the minimum for the month. Each supplier involved in the transfer must notify the Company in writing of the amount to be transferred and the date on which the transfer is to be effective. (C) The Supplier can transfer the gas to/from its own or a third parties

**SERVICE (Cont'd.)**

storage account directly into the Company's storage account through an inter-company storage inventory transfer executed through the storage service provider. (D) The Supplier can transfer the gas to/from its IT Pool.

2. Suppliers will be required to pay for or transfer such gas designated for Supplier's BCQ in advance of the third (3<sup>rd</sup>) business day of the month in which service is effective unless other arrangements, acceptable to the Company, have been completed.
- f) Except as specified in h) below, Supplier's EFBS bank shall be increased or decreased by the daily difference between actual natural gas volumes received by the Company at its city gate and Supplier's back-cast Targeted Supply Quantity (TSQ), adjusted for fuel retainage in the following manner:
1. If the Supplier delivers more natural gas than the back-casted TSQ, then the Suppliers EFBS bank shall be increased by the amount of the over-delivery, calculated at the Company's city gate, plus the current KO Transmission fuel retainage and minus the current Columbia Gas Transmission SST and FSS fuel retainage.
  2. If the Supplier delivers less natural gas than the back-casted TSQ, then the Supplier EFBS bank shall be decreased by the amount of the under-delivery, calculated at the Company's city gate, plus the current Columbia Gas Transmission SST fuel retainage.
- g) On a day when Supplier's TSQ is greater than or equal to the MDQ, supplier shall have full access to the total MDDQ as specified in the EFBS tariff. The Supplier will not be required to make total deliveries, including the back-casted MDDQ, above the MDQ.
- h) The Company may, at its option, recall EFBS from a Supplier if that Supplier subsequently ceases its participation in the Company's Customer Choice program for any reason. The Company may also recall a proportional amount of the Supplier's gas bank if the Supplier's MDQ decreases below a 3,000 Dth increment (as detailed in subparagraph (d) 1. and (d) 2. above) and the Supplier's gas bank is above the maximum quantity for that month, to become effective on the first day of the following month.
1. If the Company recalls EFBS, or the Supplier's MDQ decreases below a 3,000 Dth increment and Supplier does not elect to proceed under subparagraph (i) 2., then the Company shall buy all or a portion of Supplier's gas bank. The price of the gas in the Supplier's bank purchased by the Company shall be the Company's inventory weighted average cost of gas with its storage service provider.
  2. Alternatively, the Supplier can sell or transfer the specified volume of gas as described in subparagraph (f) 1.
  3. In circumstances other than those described above, if a Supplier requests termination of EFBS other than at the time of the annual election, the Company may agree to

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termination at its sole discretion, and will elect to purchase any gas volumes remaining in the Supplier's bank at the above price options.

**SERVICE (Cont'd.)**

- i) The Maximum Monthly Bank Quantities (MMBQ) shall be limited to the following percentages of Supplier's BCQ:

April	15%	August	20%	December	10%
May	20%	September	13%	January	10%
June	20%	October	7%	February	10%
July	20%	November	5%	March	10%

- j) Supplier's Maximum Daily Bank Quantities (MDBQ) shall equal 1/25th of the Supplier's then current MMBQ, except during the months of November and December when the MDBQ shall equal 1/30th of the Supplier's then current MMBQ.
- k) A Supplier may have no more than 60% of its BCQ in bank as of June 30, and no more than 85% of its BCQ in bank as of August 31.
- l) The Company shall deliver Supplier's BCQ throughout the year, subject to the limitations set forth. Supplier's MDDQ shall be based upon and limited by Supplier's BCQ inventory remaining in bank determined in accordance with the Company's best estimates as follows:

% of banked gas in BCQ	% of MDDQ
100% to 30%	100%
less than 30% to 20%	80%
less than 20% to 10%	65%
less than 10% to 0%	50%

- m) The minimum and maximum monthly net withdrawal quantities for the months November through March shall be as follows:

<u>Month</u>	<u>Minimum % of BCQ</u>	<u>Maximum % of BCQ</u>
November	No minimum	40%
December	No minimum	40%
January	No minimum	40%
February	10%	30%
March	10%	20%

- n) If Supplier exceeds the maximum monthly net withdrawal limit during any of the months November through March, Supplier's maximum monthly net withdrawal quantity for the succeeding month shall be reduced by an amount equal to the excess quantities withdrawn during the excess withdrawal month. Supplier's withdrawals during the months April through October shall not be subject to maximum or minimum withdrawal limits; provided, however, that

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Supplier's withdrawals during that period shall be subject to the limitations of Supplier's BCQ levels.

### **SERVICE (Cont'd.)**

- o) Supplier's maximum bank inventory on April 1 shall not exceed 25% of its BCQ. Supplier's maximum bank inventory on February 1 shall not exceed 65% of its BCQ. Quantities in excess of 25% of Supplier's BCQ shall not be carried over beyond April 1.

### **BANK TRANSFERS**

- a) Suppliers may transfer volumes of gas held in their banks under the EFBS with other Suppliers receiving service under EFBS. Each supplier involved in the transfer must notify the Company in writing of the amount to be transferred and the date on which the transfer is to be effective.
- b) The transfer must not increase a Suppliers Bank above the maximum levels as defined in the EFBS tariff. Likewise, the transfer must not decrease a Suppliers Bank below the MBQ for the month.

### **DELIVERY POINTS**

- a) The point of delivery for all gas tendered to the Company shall be the Company's city gate for EFBS service and, in accordance with the Supplier's FRAS Agreement with the Company, based upon a percentage north/south split. The north/south split for volumes up to the TSQ shall be the same as the split for Suppliers that have elected FBS and system supply. Volumes in excess of the TSQ will be subject to north/south restrictions in accordance with the Company's ability to inject gas per its agreements with the storage service providers.

### **WAIVER REQUESTS**

- a) In regard to the above percentage limitations on withdrawals and injections, the Company shall allow deviations from these limitations to the extent that additional flexibility has been granted to the Company by its storage service providers. Waivers shall be granted by the Company on a non-discriminatory basis.

### **RATE**

- a) For all services rendered pursuant to this tariff, Supplier each month shall pay the Company the charges set forth below:
  - 1. Demand Charge: \$7.10, assessed each month on each Dth of the Supplier's MDDQ;
  - 2. Commodity Charge: \$0.029, per Mcf, applied to all monthly consumption of the supplier's aggregate FT-S, FT-L, RFT and RFT-LI services not included in a pool receiving service under Rider FBS.
- b) Rates will be reviewed quarterly and adjusted based on current charges from the Company's storage service providers.

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#### **NON-COMPLIANCE**

- a) If Supplier's EFBS bank is less than zero on any day, then the Supplier shall purchase a quantity of natural gas from the Company sufficient to bring the Suppliers EFBS bank up to the minimum percent listed in Service, section (f) above for the month in which the bank became less than zero. The price shall be 110% of the higher of the inventory weighted average cost of gas with its storage service provider or the highest price at which the company purchased gas for that month plus interstate pipeline fuel, commodity and daily reservation charges.
- b) Except in instances when the Suppliers BCQ has been reduced due to a lower MDQ, if Supplier's EFBS bank is greater than 102% of their BCQ on any day, then the amount in excess of the maximum percent listed in Service section (f) above for the month in which the bank exceeded 102% shall be purchased by the Company for a price equal to 90% of the lower of the inventory weighted average cost of gas with its storage service provider or the lowest price at which the company purchased gas for that month plus interstate pipeline fuel, commodity and daily reservation charges.
- c) Supplier must pay any penalties incurred by the Company from one of its storage service providers that can be attributed to actions by the supplier that do not comply with the EFBS tariff.
- d) The Company may recall EFBS from a supplier for Non Compliance with the EFBS tariff. The Supplier will revert to the FBS at the beginning of the revenue month.

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Summary: Tariff Sheets for Riders FBS and EFBS with Calculation Pages  
electronically filed by Carys Cochern on behalf of Watts, Elizabeth H. Ms.