

LARGE COMMERCIAL GAS SERVICE

UTILITY RATE SCHEDULE G-3

A. APPLICABILITY:

This schedule applies to Customers receiving Gas Service from the City of Palo Alto Utilities, who use at least 250,000 Therms per year at one site.

B. TERRITORY:

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

C. UNBUNDLED RATES:

Per Service

Monthly Service Charge: \$ 1,960.65

Per Therm

Supply Charges:

- | | |
|---|---------------|
| 1. Commodity (Monthly Market Based)..... | \$0.10-\$4.00 |
| 2. Cap and Trade Compliance Charges | Pass-through |
| 3. Transportation Charge | Pass-through |
| 4. Carbon Offset Charge | \$0.00-\$0.10 |

Distribution Charge:\$ 1.3595

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.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, adjusted to account for delivery losses to the Customer's Meter. The Commodity Charge also includes adjustments to account for Council-approved programs implemented to reduce the cost of Gas, including a municipal purchase discount¹ and \$0.055 per Therm for mitigating the impact of short-term natural gas market price spikes².

1 Adopted via Resolution 9451, on September 15, 2014.

2 Adopted via Resolution 10187 on August 19, 2024.

CITY OF PALO ALTO UTILITIES

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The Cap and Trade Compliance Charge is a pass-through charge that 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 changes in response to changing market conditions, retail sales volumes and the quantity of allowances required, and is calculated based on the Cap-and-Trade Program's quarterly auction allowance closing prices.

The Carbon Offset Charge reflects the City's cost to purchase offsets for greenhouse gases produced when Gas is burned. The Carbon Offset Charge changes in response to changing market conditions, sales volumes and the quantity of offsets purchased within the Council-approved per Therm cap.

The Transportation Charge is a pass-through charge based on the current PG&E G-WSL³ (Gas Transportation Service to Wholesale/Retail Customers) rate for Palo Alto, accounting for delivery losses to the Customer's Meter.

The Commodity and Carbon Offset Charges will fall within the minimum/maximum ranges set forth in Section C. Current and historic per Therm rates for the Commodity, Cap and Trade Compliance, Carbon Offset and Transportation Charges are posted on the City Utilities website.⁴

2. Request for Service

A qualifying Customer may request Service under this schedule for more than one Account or Meter if the Accounts are located on one site. A site consists of one or more contiguous parcels of land with no intervening public right-of- ways (e.g. streets).

3. Changing Rate Schedules

Customers may request a rate schedule change at any time to any applicable City of Palo Alto full-service rate schedule.

{End}

³ https://www.pge.com/tariffs/assets/pdf/tariffbook/GAS_SCHEDS_G-WSL.pdf

⁴ Monthly gas and commodity and volumetric rates are available [here](https://www.paloalto.gov/files/assets/public/utilities/business/business-rates/monthly-gas-volumetric-and-service-charges-commercial.pdf), or by visiting <https://www.paloalto.gov/files/assets/public/utilities/business/business-rates/monthly-gas-volumetric-and-service-charges-commercial.pdf>