



Effective March 18, 2024

CITY OF SHELBY NATURAL GAS
GENERAL TERMS AND CONDITIONS

Gas service to all customers will be subject to the following terms and conditions:

Definitions. As used in this Agreement the following terms will have the following meanings:

Balancing for Firm Customers who qualify and elect to hedge volumes:

- a. When usage exceeds hedged volumes:
 - a. Balance will be sold to Customer at monthly rate for the class they are in using weighted average cost of gas (WACOG2) as the average incremental commodity price. Any incremental cost or penalties incurred as a result of the City's acquisition of additional gas supply to balance will be added to the WACOG2.
- b. When usage is less than hedged volumes
 - a. City will purchase balance at the lowest Gas Daily Index Price for Transco Zone 4 for the month less zero dollars and twenty cents (\$0.20). Any incremental cost or penalties incurred as a result of the City's sales of excess gas supply to balance will be subtracted from the Gas Daily Index Price.

Balancing for Transportation Gas Service Customers is defined in the Schedule 45 tariff.

City – City of Shelby, North Carolina, a municipal corporation

Customer – Customer means any person, firm, association, or corporation, or any agency of the federal, State, or local government, being supplied with gas services.

Dekatherm (DT) – Dekatherm is a unit of energy that is equal to one million British thermal units or ten therms and measures the actual heating value of a specific volume of natural gas.

Force majeure – A force majeure event shall mean any act of God; war or other acts of civil or military authority; riot; civil strife; act of terrorism, domestic or foreign; embargo; epidemic(s); governmental rule, regulation, or decree; earthquake, flood, fire, hurricane, tornado, or other

casualty; freezing of wells or lines of pipe; or the unavailability of labor or materials to the extent beyond the control of the affected party.

Governing law – This agreement and the rights and obligations of the Parties hereunder shall be governed by and construed and interpreted in accordance with the laws of the State of North Carolina.

Measurements – The volume and total heating value of the gas delivered hereunder shall be determine as follows:

1. All volumes delivered shall be corrected to the pressure base of 14.73 psia and temperature base of sixty degrees (60) Fahrenheit. The average absolute atmospheric pressure shall be assumed to be fourteen and seven-tenths (14.7) pounds to the square inch, irrespective to actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.
2. When orifice meters are used, volumes delivered shall be computed in accordance with the specification, formulae and tables published in the March 1978 Gas Measurement Committee Report No. 3 of the American Gas Association, and any modifications and amendments thereto and shall include the use of flange connections.
3. Gas volumes will be adjusted for BTU content, pressure, temperature, super compressibility, specific gravity, and any other applicable factors.
4. The temperature of the gas shall be assumed to be sixty degrees (60) Fahrenheit unless the City elects to install a recording thermometer or temperature correcting device. If a recording thermometer is installed, the arithmetical average of the twenty-four (24) hour period will be used to determine the correct temperature.

Meter – Meter shall mean any device, or instrument which is used by the City in measuring a quantity of gas.

Month – Month shall mean the period between any two regular consecutive readings of the meters measuring the quantity of gas used.

New York Mercantile Exchange (NYMEX) – The NYMEX is a commodity futures exchange regulated by the Commodity Futures Trading Commission and is regarded as the largest and world’s leading natural gas price benchmark.

Notice – Written notice shall be given to the provided address via first class mail or certified mail return receipt requested, hand delivery, or via email. Customer must provide City with updated address and contact information.

If to the City:
Attn: City Manager
City of Shelby
P.O. Box 207
Shelby, NC 28151
Or via confirmed email:
Rick.Howell@cityofshelby.com

Customer:
Name and Address of Company Official

Email address:

State – State of North Carolina

Quality – The gas received by the City shall be of merchantable quality and shall conform to the quality specifications of Williams Transco’s FERC Gas Tariff, as it may be amended from time to time.

Venue – Venue shall be in any court of competent jurisdiction over matters in Cleveland County, North Carolina.

Weighted average cost of gas 1 (WACOG1) – The City’s base monthly calculation of the average incremental cost of gas supply. This price includes gas purchased at current market prices and gas supplies purchased in association with the City’s hedging policy. Other charges included in the average incremental cost of gas are, but are not limited to, intra-month purchases, any applicable basis, Transco Zone 5 premiums, transportation and fuel charges, and sellbacks for balancing purposes.

Weighted average cost of gas 2 (WACOG2) – The City’s alternate monthly calculation of the average incremental cost of gas supply. This price includes gas purchased at market prices and excludes any gas supply pricing related to the City’s hedging policy. Other charges included in the average incremental cost of gas are, but are not limited to, intra-month purchases, any applicable basis, Transco Zone 5 premiums, transportation and fuel charges, and sellbacks for balancing purposes.

Williams Transco Federal Gas Regulatory Commission (FERC) Gas Tariffs – Transco consists of over 9,700 miles of pipeline transporting natural gas presently owned by the Williams Gas Pipeline Company, LLC and regulated by the FERC. The Gas Tariffs may be viewed through the FERC website.

Service.

1. A meter of suitable capacity and design shall be furnished and installed on Customer’s premises by the City and shall be and remain the property of the City. Customer shall provide suitable space for the City’s meter and shall protect it from damage. The City’s representatives are hereby authorized to enter said premises at all reasonable hours for the purpose of inspecting customer’s lines and appliances for using natural gas and for reading, inspecting, repairing, or removing its meter and other property. The City will inspect such meters from time to time. Upon written request of the customer, the City will inspect such meters at any reasonable time, if such meters are found to register correctly, the cost of such inspection may be charged to the customer. Please refer to the Customer Service Policy and Schedule of Fees and Charges (Appendix A) for applicable fees. Meters shall be deemed to register correctly if the error is less than two percent (2%).

2. The point of delivery of such service shall be the outlet side of the meter. Upon completion of any and all necessary inspections and issuance of corresponding permits, the City shall not be liable to the customer or any of their agents, assigns, servants, or employees, or to any person whomsoever, for any loss, damage, or injury to person or property resulting from said gas or its use after it leaves said point of delivery, all risk thereof and therefrom being assumed by the customer, except when caused by the exclusive negligence or willful acts of the employees of the City.
3. Customer agrees that all appliances, equipment, and piping beyond the point of delivery will be installed according to applicable codes and maintained in a safe condition. A violation of this provision shall be grounds for the City to immediately discontinue service until the condition is corrected and inspected.

Customers who are purchasing gas under two or more rate schedules at the same location, through two or more meters, shall not connect piping between the meters or otherwise attempt to misrepresent the quantities of gas purchased that qualify under the City's rate classifications.

4. If service is disconnected for non-payment, Customer shall pay the full amount of the delinquent account plus the applicable non-payment reconnection fee before the City will reconnect service.

If this is a new service, there may be additional charges for extension of service. Please refer to the City of Shelby Customer Service Policy Manual for additional information regarding the City's policies and regulations for starting, disconnecting, or discontinuation of service.

5. Utility charges shall begin when the utility meter is installed. Bills for service hereunder shall be rendered and paid monthly. As defined above, a "month" shall mean the period between any two regular consecutive readings of the meters measuring the quantity of gas used.
6. In the event of a force majeure, neither party will be liable for the nonperformance of any of its obligations except Customer's obligation to pay for service. At no point shall an exception be made as to any obligations if the claiming party caused or contributed to the cause of the force majeure being claimed due to its own negligence or willful misconduct.

If a force majeure causes the inability of either party to meet an obligation under this agreement, the nonperforming party must promptly notify the other in writing and provide an estimate as to the nature of delay and expected resumption of performance. The nonperforming party must take all reasonable actions to minimize damages and resume performance. Financial inability to perform alone shall not relieve a party of its obligation

to perform. Refusal of a party to accede to demands of labor shall not deny that party the benefits of this provision.

7. The Customer agrees that the the City reserves the right to discontinue furnishing utility services to a customer, at any time without notice, upon the failure of the customer to pay bills for utility service, deposits, or to increase deposit amounts as required.
8. Customer further agrees that the City retains the right without notice to discontinue service upon the occurrence of any one or more of the following events:
 - a. Whenever the City has reasonable cause to believe that the customer is receiving utilities without paying for them, or that the City's meters, lines, or other apparatus have in any manner been tampered with.
 - b. Whenever, in the City's opinion, the condition of the customer's lines, equipment, and/or appliances are unsuitable for receiving services, or pose potential safety or health hazards to the City property, City personnel, the customer, or to the public.
 - c. Whenever the City determines that the customer's use of utilities or equipment interferes with or may be detrimental to the City's utilities systems or to the supply of utilities by the City to any other customer, including the violation of any City ordinances regarding the use of any utilities.
 - d. Whenever the customer had denied an authorized City representative access to the City's meters, lines, or other apparatus installed on the customer's premises.
 - e. Whenever it is necessary to prevent fraud upon the City.
9. The City and the Customer shall mutually agree on the appropriate pressure at which gas shall be delivered but in no event shall the City be required to furnish gas to the customer at a pressure exceeding five (5) pounds per square inch gauge.
10. All rate schedules are subject to change upon action of the City Council.

**FIRM RATE CUSTOMERS USING OVER 500 DEKATHERMS (DT)/DAY AVERAGE-
ELECTION TO OPT-OUT OF CITY GAS SUPPLY HEDGED PURCHASES.**

All Customer's Total Commodity Rate is computed from adding the Base Commodity Rate (for the applicable rate classification) to the average incremental cost of gas supply for the current period. *See* Definition, WACOG1.

Firm rate customers using over a 500 DT/day average may elect to have the average incremental cost of gas supply for their billing calculated to exclude any City hedged gas supply purchases. The average incremental cost of gas supply for this election will be WACOG2, as defined above. A customer must elect the option to opt-out of the City's hedging gas supply purchases by executing the "Natural Gas Opt-Out Form." The City must approve the timing of any election to

opt-out or to opt-in to the WACOG1 average incremental cost of gas supply. Intentions must be made by March 31 of each calendar year to be eligible for the upcoming winter hedges.

CUSTOMER DIRECTED HEDGING POLICY

Firm sales customers who use more than 1000 DT/day qualify to direct the City to hedge pricing on a portion of their estimated monthly gas supply. Customers who elect to hedge portions of their gas supply costs may direct the City to purchase gas supply for future delivery months within the City's Customer Directed Hedging Policy. The Customer may hedge up to eighty percent (80%) of their anticipated monthly usage. Gas purchased on unhedged supply will utilize the average incremental cost of gas supply for customers who opt-out of the City's hedging program, WACOG2.

The Total Commodity Rate for customers who elect to hedge their gas supply will be computed by adding the Base Commodity Rate (for the applicable rate classification) to the weighted average of the directed hedged gas supply costs for the specific volumes hedged. The average incremental gas supply costs to be used to compute the billing for hedged volumes will include, but not limited to, the customer directed hedged costs, intra-month purchases, applicable basis, Transco 5 premiums, transportation and fuel charges, and sellbacks for balancing purposes.

Customers who elect to hedge their gas supply must execute the "Natural Gas Customer Directed Hedging Form" and enter into a contract with the City of Shelby related to the hedge volumes and pricing. Customers who elect to hedge their gas supply must utilize natural gas as their primary fuel and remain a sales customer in their current rate classification for the duration of any hedges. Intentions must be made by March 31 of each calendar year to be eligible for the upcoming winter hedges.

Guidelines for Customer Directed Hedging Policy

1. The minimum hedge amount is 15,000 DT month for any month hedging is desired.
2. Hedged volume can vary from month to month.
3. The minimum time period for hedges is a six-month period from the date of the approved initial agreement.
4. Maximum hedged volume should not exceed eighty percent (80%) of projected usage per month.
5. When Customer elects to hedge a portion of the gas supply, the City will provide an estimated price for the hedges. The City will execute the order after confirmation by the Customer. The Customer will receive the actual locked prices once the transaction is completed, which may differ from the estimated prices.
6. Customer may elect to make up to three hedged purchases per year
7. Customer may elect to make hedges for up to three (3) years from the date hedge is completed.
8. Customer will be provided the terms of the fixed price arrangements as well as the actual volumes and NYMEX prices and applicable basis on a confirmation notice.

9. A Customer is not eligible to become a Transportation Gas Service customer during any year that they have directed the City to make hedges on any portion of their gas supply.
10. Should the actual usage, over the period of this agreement, be ten percent over or under your projection, we reserve the right to recover any resulting additional costs the City may incur due to this overage or under-usage.



City of Shelby Firm Customer Gas Supply Cost Election to Self-Direct Hedged Gas Supply Purchases

_____(Customer Name and Meter Number)_____ hereby certifies that they meet the criteria included in the City of Shelby Natural Gas Terms and Conditions and elects to enter the City's Customer Directed Hedging Program. The Customer shall be eligible to self-direct hedged gas purchases as per the City's Customer Directed Hedging Policy. The Total Commodity Rate for customers who elect to hedge their gas supply will be computed by adding the Base Commodity Rate (for the applicable rate classification) to the weighted average of the directed hedged gas supply costs. The average incremental gas supply costs to be used to compute the billing for hedged volumes will include, but not be limited to, the Customer directed hedged costs, intra month purchases, any applicable basis, Transco Zone 5 premiums, transportation and fuel charges, and sellbacks for balancing purposes. The Customer hedged gas supply costs will be applied to the rate for the hedged volumes, and the rate for the non-hedged volumes will use the weighted average cost of gas WACOG2 for the average incremental cost of gas supply.

A customer is not eligible to become a Transportation Gas Service customer during any year that they have directed the City to make hedges on any portion of their gas supply.

The election start date must be approved by the City and continue indefinitely. If the Customer desires to reverse this election and have the City calculate their average incremental gas supply costs to include the City's gas supply hedges weighted average cost of gas *WACOG1, the Customer will inform the City in writing, and the City will determine the first available month that the Customer's reversal of this election becomes effective.

[Signatures to Follow]

Customer

City of Shelby

Customer Name

City Approved Effective Date

Company Official Name and Title

City Manager

Signature

Signature

Date

Date

*WACOG1 and WACOG2 are defined in the City of Shelby’s Natural Gas General Terms and Conditions found in the Fee Schedule.



City of Shelby Firm Customer Gas Supply Cost Election to Opt-Out of City Hedged Gas Supply Purchase

_____(Customer Name and Meter Number)_____ hereby certifies that they meet the criteria included in the City of Shelby Natural Gas Terms and Conditions, and elects to have their average incremental gas supply costs computed excluding any hedged purchases associated with the City of Shelby hedging program. The Customer's bill will be computed using weighted average cost of gas *WACOG2, vs weighted average cost of gas *WACOG1. The election start date must be approved by the City and continue indefinitely.

If the Customer desires to reverse this election and have the City calculate their average incremental gas supply costs to include the City's gas supply hedges, the Customer will inform the City in writing, and the City will determine the first available month that the Customer's reversal of this election becomes effective.

Customer

City of Shelby

Customer Name

City Approved Effective Date

Company Official Name and Title

City Manager

Signature

Signature

Date

Date

*WACOG1 and WACOG2 are defined in the City of Shelby's Natural Gas General Terms and Conditions found in the Fee Schedule.



Schedule 41
Effective July 1, 2014
Replaces schedule effective 5/10/2013

RESIDENTIAL GAS SERVICE

AVAILABILITY

Gas Service under this rate is available for all residential purposes in individual residences and in individual units of multiple-family buildings located where City gas service is available.

CHARACTER OF SERVICE

Natural gas supplied under this schedule is sold on a firm basis only and shall be supplied through a single delivery point and be separately metered. Commingling of gas purchased under this schedule with gas purchased under other rate schedules is prohibited. All natural gas delivered under this rate is for the exclusive use of the customer and shall not be resold.

MEASUREMENT, BILLING AND PAYMENT

For measurement purposes, the volume of natural gas delivered under this rate schedule shall be measured in cubic foot units. Volumes of gas hereunder will be determined in accordance with the City's measurement base. For billing purposes, the volume of natural gas billed under this rate schedule shall be billed by the hundred cubic foot units (CCF).

RATE

The customer's total bill is calculated using the following components.

$$\text{Total Bill} = \text{FC} + (\text{U} \times \text{CR})$$

FC = Monthly Facilities Charge

U = Customer Monthly Usage in CCF

CR = Total Commodity Rate for the current period in CCF

The Total Commodity Rate is adjusted for each billing period by adding the Base Commodity rate to the average incremental cost of gas supply for the current period. This value is computed on a per dekatherm basis and converted to a per hundred cubic feet basis using the current heating value content of the gas. The Total Commodity Rate will be calculated each billing cycle.

Residential Gas Service
Schedule 41
Effective July 1, 2014
Replaces schedule effective 5/10/2013

Residential Gas Service	<u>Monthly Facilities Charge</u> \$8.50	<u>Base Commodity Rate</u> \$6.69 per dekatherm
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Any applicable North Carolina state or local sales tax will be added to the customer's total charges.



Schedule 42
Effective July 1, 2014
Replaces schedule effective May 10, 2013

GENERAL COMMERCIAL AND INDUSTRIAL GAS SERVICE

AVAILABILITY

Gas Service under this rate is available for all non-residential customers where City gas service is available.

CHARACTER OF SERVICE

Natural gas supplied under this schedule is sold on a firm basis only and shall be supplied through a single delivery point and be separately metered. Commingling of gas purchased under this schedule with gas purchased under other rate schedules is prohibited. All natural gas delivered under this rate is for the exclusive use of the customer and shall not be resold.

MEASUREMENT, BILLING AND PAYMENT

For measurement purposes, the volume of natural gas delivered under this rate schedule shall be measured in cubic foot units. Volumes of gas hereunder will be determined in accordance with the City's measurement base. For billing purposes, the volume of natural gas billed under this rate schedule shall be billed by the hundred cubic foot units (CCF).

RATE

The customer's total bill is calculated using the following components.

$$\text{Total Bill} = \text{FC} + (\text{U} \times \text{CR})$$

FC = Monthly Facilities Charge

U = Customer Monthly Usage in CCF

CR = Total Commodity Rate for the current period in CCF

The Total Commodity Rate is adjusted for each billing period by adding the Base Commodity rate to the average incremental cost of gas supply for the current period. This value is computed on a per dekatherm basis and converted to a per hundred cubic feet basis using the current heating value content of the gas. The Total Commodity Rate will be calculated each billing.

General Commercial and Industrial Gas Service
Schedule 42
Effective July 1, 2014
Replaces schedule effective May 10, 2013

	<u>Monthly Facilities Charge</u>	<u>Base Commodity Rate</u>
General Commercial and Industrial Gas Service	\$12.50	\$5.30/dekatherm

Any applicable North Carolina state or local sales tax will be added to the customer's total charges.



Schedule 43
Effective November 1, 2016
Replaces schedule effective May 10, 2013

HIGH LOAD FACTOR GAS SERVICE

AVAILABILITY

Gas Service under this rate schedule is available to any eligible commercial or industrial consumer using natural gas principally for process stream generation, manufacturing purposes, or any other base-load application, where the use of gas for space heating is only incidental. This rate is not available to consumers whose use of gas during the month of least consumption is less than 50% of the use during the month of greatest consumption

CHARACTER OF SERVICE

Natural gas supplied under this schedule is sold on a firm basis only and shall be supplied through a single delivery point and be separately metered. Commingling of gas purchased under this schedule with gas purchased under other rate schedules is prohibited. All natural gas delivered under this rate is for the exclusive use of the customer and shall not be resold.

The customer must remain on this tariff schedule for a period no less than 12 months before switching tariffs or service.

MEASUREMENT, BILLING AND PAYMENT

For measurement purposes, the volume of natural gas delivered under this rate schedule shall be measured in cubic foot units. Volumes of gas hereunder will be determined in accordance with the City's measurement base. For billing purposes, the volume of natural gas billed under this rate schedule shall be billed by the hundred cubic foot units (CCF).

RATE

The customer's total bill is calculated using the following components:

$$\text{Total Bill} = \text{FC} + (\text{U} \times \text{CR})$$

FC= Monthly Facilities Charge

U = Customer Monthly Usage in CCF

CR = Total Commodity Rate for the current period in CCF

The Total Commodity Rate is adjusted for each billing period by adding the Base Commodity rate to the average incremental cost of gas supply for the current period. This value is computed on a per dekatherm basis and converted to a per hundred cubic feet basis using the current heating value

High Load Factor Gas Service
Schedule 43
Effective November 1, 2016
Replaces schedule effective May 10, 2013

content of the gas. The Total Commodity Rate will be calculated each billing cycle

	<u>Monthly Facilities Charge</u>	<u>Base Commodity Rate</u>
High Load Factor Gas Service	\$60.00	\$3.58 per dekatherm

Any applicable North Carolina state or local sales tax will be added to the customer's total charges.



Schedule 44
Effective May 10, 2013
Replaces schedule effective 7/10/2011

INTERRUPTIBLE GAS SERVICE
WITH OR WITHOUT PARTIAL FIRM REQUIREMENTS

AVAILABILITY

Gas service under this rate schedule is available by written contract to eligible large industrial consumers, whose use of gas is principally for process purposes, and where space heating is incidental only. This service is offered only to customers who average daily gas usage is reasonably anticipated to equal or exceed 100 dekatherms per day. Existing customer's consumption must be equal to or greater than 36,500 dekatherms per year to qualify for this rate.

STANDBY ALTERNATE FUEL CAPACITY

Customers purchasing gas pursuant to this Rate Schedule shall maintain, in useable condition, alternate fuel facilities with ample on-site alternate fuel capability for supplying 100% of the establishment's gas requirements during periods of gas interruption or curtailment. Such interruption or curtailment shall be immediately effective upon verbal or written notification by the City and Customer shall refrain from using gas until permitted to do so by the City. It is understood and agreed that the City will have the right to suspend gas service without further notice to the Customer in the event the Customer fails to curtail Customer's use of gas in accordance with the City's notice of curtailment.

CHARACTER OF SERVICE

Natural gas supplied under this schedule is sold on an interruptible basis only and shall be supplied through a single delivery point and be separately metered. Commingling of gas purchased under this schedule with gas purchased under other rate schedules is prohibited. All natural gas delivered under this rate is for the exclusive use of the customer and shall not be resold.

The customer must remain on this tariff schedule for a period no less than 12 months before switching tariffs or service.

MEASUREMENT, BILLING AND PAYMENT

For measurement purposes, the volume of natural gas delivered under this rate schedule shall be measured in cubic foot units. Volumes of gas hereunder will be determined in accordance with the City's measurement base. For billing purposes, the volume of natural gas billed under this rate schedule shall be billed by the hundred cubic foot units (CCF).

RATE

The customer's total bill is calculated using the following components:

Interruptible Gas Service
Schedule 44
Effective May 10, 2013
Replaces schedule effective 7/10/2011

Total Bill = FC + (U x CR)

- FC = Monthly Facilities Charge
- U = Customer Monthly Usage in CCF
- CR = Total Commodity Rate for the current period in CCF

The Total Commodity Rate is adjusted for each billing period by adding the Base Commodity rate to the average incremental cost of gas supply for the current period. This value is computed on a per dekatherm basis and converted to a per hundred cubic feet basis using the current heating value content of the gas. The Total Commodity Rate will be calculated each billing cycle.

	<u>Monthly Facilities Charge</u>	<u>Base Commodity Rate</u>
Interruptible Gas Service	\$60.00	
	First 1500 MCF/month	\$2.08 per dekatherm
	Next 1500 MCF/month	\$1.66 per dekatherm
	Next 3000 MCF/month	\$1.36 per dekatherm
	Next 9000 MCF/month	\$1.12 per dekatherm
	All volumes over 15,000 MCF per month	\$0.92 per dekatherm

Any applicable North Carolina state or local sales tax will be added to the customer's total charges.

PROVISIONS:

1. Whenever curtailment or interruption of interruptible gas delivered hereunder is required, the City shall issue a curtailment order to consumer, specifying the quantity of gas to be curtailed and the time at which such curtailment is to be made.

When restoration of service is permissible, the City shall similarly issue a restoration order specifying the quantity of gas to be restored and the time at which such restoration is to be made. Consumer shall carry out all such orders at the time specified therein. A curtailment order shall be issued at least one hour in advance of its effective time.

2. In the event customer fails to discontinue the use of interruptible gas after one hour's notice that the interruptible gas under this schedule is not available, all gas so used shall be paid for by the consumer at a rate of \$55.00 per DT of maximum day use of such unauthorized gas, in addition to the regular commodity charge for such gas and any charges for firm gas.

Interruptible Gas Service
Schedule 44
Effective May 10, 2013
Replaces schedule effective 7/10/2011

3. When a customer is notified to curtail service, or while gas service is being curtailed, customer finds it impossible to continue operations on his standby fuel because some bona fide emergency and the City has gas available from some source other than its Contract Demand Service from Transcontinental Gas Pipe Line Corporation, the City may, at its discretion, furnish emergency gas service upon request from customer for such service. All emergency gas so used shall be paid for by the consumer at the rate of \$3.00 per dekatherm of gas plus the highest incremental gas commodity cost for gas purchased by the City in the current month. The City shall not be liable in any way to any customer for failure in whole and in part, temporary or permanent, to deliver emergency gas under this provision.



Schedule 45
Effective July 1, 2018
 Replaces schedule effective July 1, 2014

INDUSTRIAL FIRM
TRANSPORTATION GAS SERVICE

AVAILABILITY

This service is available to any industrial class of customer whose annual consumption is equal to or greater than 912,500 dekatherms per year. The customer must also be located inside the city limits of Shelby, NC and be connected to the City of Shelby (City) natural gas system for a minimum of 12 months:

- A. To the extent that the City and Customer have adequate facilities and equipment available and in place for transporting and delivery of such volumes of gas;
- B. When a Customer has executed a Service Agreement with the City, wherein the City agrees to transport and deliver volumes of gas received for the Customer as specified therein.

CHARACTER OF SERVICE

Transportation of natural gas by the City under this rate schedule shall be on a firm basis. Natural gas supplied under this schedule shall be supplied through a single delivery point and be separately metered. Commingling of gas purchased under this schedule with gas purchased under other rate schedules is prohibited. All natural gas delivered under this rate is for the exclusive use of the customer and shall not be resold.

Each year, qualifying customers shall request this transportation service prior to March 1st and provide a Maximum Daily Quantity (MDQ) which represents the quantity of gas the City is obligated to transport on a firm basis. The annual service shall commence July 1st and run through June 30th of the following year. The City Manager must approve and accept the MDQ prior to the commencement of service. Once the City approval is granted, the service will be provided under this Rate Schedule through June 30th of the following year. The customer must remain on this rate schedule through June 30st of the following year.

RATE

	<u>Monthly Facilities Charge</u>	<u>Base Commodity Rate</u>
Industrial Firm Transportation Gas Service	\$500.00	
	First 50,000 Dekatherms	\$.635 per Dekatherm
	Next 25,000 Dekatherms	\$.435 per Dekatherm
	Next 25,000 Dekatherms	\$.245 per Dekatherm
	All over 100,000 Dekatherms	\$.135 per Dekatherm

Schedule 45
Industrial Firm Transportation Gas Service
Effective July 1, 2018
Replaces schedule effective July 1, 2014

The usage charges are subject to a minimum monthly bill of \$42,625.00 per month. The City reserves the option to waive the monthly minimum billing at their discretion.

Any applicable North Carolina state or local sales tax will be added to the customer's total charges.

DETERMINATION OF DELIVERIES

The volumes of gas transported pursuant to this schedule shall be the volumes delivered to the City by the Customer at the point of delivery with Williams Transco. Gas delivered hereunder shall be billed as the first gas through the Customer's meter each month.

BALANCING OF TRANSPORTATION VOLUMES

Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalances. Customers (or its Agent) are responsible to match daily gas deliveries into the City's system with daily gas consumption by Customer as closely as possible. Any imbalances shall be corrected by the Customer (or its Agent), insofar as practicable, during the month in which they occur. Customers (or its Agent) are expected to proactively manage intra-month imbalances. Customer (or its Agent) may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance subject to the operating limitations of the City. The City reserves the right to limit the amount of such imbalances to avoid operating problems, comply with balancing requirements of the upstream pipeline(s), and to mitigate the need to acquire additional daily supply at prices that would adversely affect sales customers. The Customer (or its Agent) will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer under this Rate Schedule.

In the event Customer (or its Agent) fails to abide by the requirements set forth above, the City shall have the right to curtail deliveries to Customer if an imbalance is negative or reducing Customer's nominated quantities if an imbalance is positive. The Customer will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer. The City reserves the right to take other reasonable action to mitigate system operational problems. The City will use its reasonable efforts to notify the Customer or the Customer's Agent before proceeding with a unilateral nomination reduction or delivery curtailment and will notify Customer of any reduction to Customer's nomination that has been instituted by the City.

Any time the Customer is consistently using more or less gas than is being delivered to the City for the Customer's account, it shall be the Customer's responsibility to bring its supply and requirements into balance. Customers must balance within 5% of their monthly deliveries and

Schedule 45
Industrial Firm Transportation Gas Service
Effective July 1, 2018
Replaces schedule effective July 1, 2014

within 10% of their daily deliveries in order to maintain the integrity of the system under normal operating conditions.

In instances where there is an over-deliver of supply for a month, the City at its option, may cash-out this over-supply and purchase any or all of the excess volumes at a rate of 20 cents per dekatherm lower than its lowest cost of commodity supply that month.

In instances where there is an under-deliver of supply for a month, the City at its option, may cash-out this under-supply and sell any or all of the deficit volumes to the Customer at a rate of 20 cents per dekatherm higher than the firm sales tariff rate (High Load Factor Rate) for that month.

During an Operational Flow Order (OFO) on any upstream pipeline and in other situations where the City notifies the customer via email or by phone, Customers must balance within 5% of their daily deliveries to maintain the integrity of the system and avoid causing the City to purchase additional gas or sell excess gas.

In instances where there is an over-deliver of supply during an OFO or in other situations identified by the City, the City at its option, may cash-out this over-supply and purchase any or all of the excess volumes at a rate of 20 cents per dekatherm lower than its lowest cost of commodity supply or the price to sell excess supply for that day.

In instances where there is an under-deliver of supply during an OFO or other situation identified by the City, the City at its option, may cash-out this under-supply and sell any or all of the deficit volumes to the Customer at a rate of 20 cents per dekatherm higher than the highest cost of commodity supply for that day.

In addition, the Customer will also be charged imbalance penalties in instances where the City incurs imbalance or overrun penalties from the pipeline supplier due to overruns or under-deliveries. These charges will be based on a prorated share of the penalty attributed to the Customer.

LATE PAYMENT CHARGE

Unless bill is paid on or before ten (10) days after the due date as shown on bill, the account will be assessed late fees as outlined in the City's fee schedule.

SPECIAL PROVISIONS

1. The customer will operate within the guidelines required by Williams Transco Gas Pipeline (transporter). When requested by the City, the Customer, or its agent, shall inform the City, by 8:30 am (or other time prescribed by the City) of the working day prior to the day(s) the gas is to be delivered, of the anticipated consumption level and the volume requested for delivery. At that time, the City, or its agent, shall inform the Customer of any restrictions on the volume requested for delivery.

Schedule 45
Industrial Firm Transportation Gas Service
Effective July 1, 2018
Replaces schedule effective July 1, 2014

2. The Customer, or its agent, is responsible for all of the necessary arrangements and notification for the scheduling of transportation on the pipeline.
3. The Customer, or its agent, must purchase the necessary software package provided by Williams Transco Gas Pipeline to make possible daily monitoring of gas flows.
4. Gas transported on this schedule shall be separately metered and shall not be used interchangeably with firm gas purchased or transported on any schedule.
5. The term of the contract shall be for a term of not less than one year.
6. Customers must remain on this tariff schedule for a period of no less than 12 months before switching tariffs or service.

RECONNECTION CHARGE

There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with the City Code.



**Schedule SMI
Effective December 1, 2021**

SMALL/MEDIUM INDUSTRIAL FIRM GAS SERVICE

AVAILABILITY

Gas service under this rate schedule is available to eligible industrial consumers, whose use of gas is principally for process purposes, and where space heating is incidental only. This service is offered only to customers whose average daily gas usage is reasonably anticipated to equal or exceed 100 dekatherms per day. Existing customer's consumption must be equal to or greater than 36,500 dekatherms per year to qualify for this rate.

- A. To the extent that the City and Customer have adequate facilities and equipment available and in place for transporting and delivery of such volumes of gas;
- B. When a Customer has executed a Service Agreement with the City, wherein the City agrees to transport and deliver volumes of gas received for the Customer as specified therein.

CHARACTER OF SERVICE

Natural gas supplied under this schedule is sold on a firm basis only and shall be supplied through a single delivery point and be separately metered. Commingling of gas purchased under this schedule with gas purchased under other rate schedules is prohibited. All natural gas delivered under this rate is for the exclusive use of the customer and shall not be resold.

MEASUREMENT, BILLING AND PAYMENT

For measurement purposes, the volume of natural gas delivered under this rate schedule shall be measured in cubic foot units. Volumes of gas hereunder will be determined in accordance with the City's measurement base.

MONTHLY RATE

The customer's total bill is calculated using the following components.

$$\text{Total Bill} = \text{FC} + (\text{U} \times \text{CR})$$

**Small/Medium Industrial Firm Gas Service
Schedule SMI**

Effective December 1, 2021

- FC = Monthly Facilities Charge
- U = Customer Monthly Usage in CCF
- CR = Total Commodity Rate for the current period in CCF

The Total Commodity Rate is adjusted for each billing period by adding the Base Commodity Rate to the average incremental cost of gas supply for the current period. This value is computed on a per dekatherm basis and converted to a per hundred cubic feet basis using the current heating value content of the gas. The average incremental cost of gas supply shall be estimated upon the current monthly billing, and true up to match actual costs in the following month. The cost of gas true up may result in additional charges or a credit due the customer. The base commodity rate is shown below.

Small/Medium Industrial Firm Gas Service

<u>Monthly Facilities Charge</u>	<u>Base Commodity Rate</u>	
\$200.00	First 5,000 dekatherms	\$2.80/dekatherm
	Next 5,000 dekatherms	\$1.80/dekatherm
	All over 10,000 dekatherms	\$1.00/dekatherm

Any applicable North Carolina state or local sales tax will be added to the customer's total charges.

LATE PAYMENT CHARGE

Unless bill is paid on or before ten (10) days after the due date as shown on bill, the account will be assessed late fees as outlined in the City's fee schedule.



Schedule 46
Effective March 18, 2024
Replaces schedule effective 7/1/2018

LARGE INDUSTRIAL FIRM GAS SERVICE

AVAILABILITY

Gas service under this rate schedule is available to eligible large industrial consumers, whose use of gas is principally for process purposes, and where space heating is incidental only. This service is offered only to customers whose average daily gas usage is reasonably anticipated to equal or exceed 500 dekatherms per day. Existing customer's consumption must be equal to or greater than 182,500 dekatherms per year to qualify for this rate.

- A. To the extent that the City and Customer have adequate facilities and equipment available and in place for transporting and delivery of such volumes of gas;
- B. When a Customer has executed a Service Agreement with the City, wherein the City agrees to transport and deliver volumes of gas received for the Customer as specified therein.

CHARACTER OF SERVICE

Natural gas supplied under this schedule is sold on a firm basis only and shall be supplied through a single delivery point and be separately metered. Commingling of gas purchased under this schedule with gas purchased under other rate schedules is prohibited. All natural gas delivered under this rate is for the exclusive use of the customer and shall not be resold.

Each year, the customer shall elect a Maximum Daily Quantity (MDQ) which represents the quantity of gas the City is obligated to provide on a firm basis. The customer shall elect a MDQ prior to March 1st of each year that will be utilized for a 12-month term starting July 1st through June 30th following the MDQ election. The City Manager must approve and accept the MDQ prior to the commencement of service. Once the City approval is granted, the service will be provided under this Rate Schedule through June 30th of the following year. The customer must remain on this rate schedule through June 30th of the following year.

MEASUREMENT, BILLING AND PAYMENT

For measurement purposes, the volume of natural gas delivered under this rate schedule shall be measured in cubic foot units. Volumes of gas hereunder will be determined in accordance with the City's measurement base. For billing purposes, the volume of natural gas billed under this rate schedule shall be billed by the hundred cubic foot units (CCF).

Schedule 46
Large Industrial Firm Gas Service
Effective March 18, 2024
Replaces schedule effective 7/1/2018

RATE

The customer's total bill is calculated using the following components.

$$\text{Total Bill} = (\text{MDQ} \times \text{D}) + (\text{U} \times \text{CR})$$

- MDQ = Maximum Daily Quantity elected for term July 1 – June 30th, Dt/day
- D = Monthly Demand Charge
- U = Customer Monthly Usage in CCF
- CR = Total Commodity Rate for the current period in CCF

The customer shall pay the Demand Charge component of the rate (MDQ x D) each month during the July 1- June 30th term regardless of the amount of gas purchased. In the event that the customer utilizes more gas on a daily basis, as measured and reported by the City's telemetering equipment, the MDQ will be adjusted upward to match the highest daily delivery measured for the remainder of the term July 1 – June 30th.

The revision of the customer MDQ based on actual deliveries shall not create any right to service at a specified level. All changes to character and quantity of service shall be subject to the City's consent based on the evaluation of the capacity of the City's pipeline system and gas supply contracts.

The Monthly Demand Charge shall be equal to 100% of the weighted average of the monthly reservation charges paid by the City to Transco for firm transportation service (including applicable demand surcharges) for capacity to deliver gas to the City's gas system. The Monthly Demand Charge shall be computed using the following formula: Firm Sales Daily Reservation Rate x days in the Month = Monthly Demand Charge. The Firm Sales Daily Reservation Rate shall be computed based on the weighted average of the price paid by the City for telescoped capacity on Transco, utilizing the telescoped reservation charges and surcharges in effect from time to time and charged by Transco (currently 17%, Zone 1-5; 25%, Zone 2-5; and 58%, Zone 3-5).

The Total Commodity Rate is adjusted for each billing period by adding the Base Commodity Rate to the average incremental cost of gas supply for the current period. The average incremental cost of gas supply shall be estimated upon the current monthly billing and trued up to match actual costs in the following month. The cost of gas true up may result in additional charges or a credit due the customer. The base commodity rate is shown below.

		<u>Base Commodity Rate</u>
Large Industrial Firm Gas Service	All Volumes	\$.85 per dekatherm

Any applicable North Carolina state or local sales tax will be added to the customer's total charges.

Schedule 46
Large Industrial Firm Gas Service
Effective March 18, 2024
Replaces schedule effective 7/1/2018

NOTIFICATION OF MONTHLY AND DAILY USE

The Customer must notify the City on or before the fifteenth day prior to each month and provide an estimate of the gas to be used each month. The Customer must not exceed the MDQ on any day, without written permission from the City. Any volumes exceeding the MDQ without permission from the City are hereby defined as Unauthorized Over-Run Volumes. The City reserves the right to curtail any Unauthorized Over-Run Volumes. The Customer shall be liable for any incremental charges or assessments (including, but not limited to penalties) by the upstream interstate pipeline during the time of the unauthorized usage by such Customer. The Customer shall also be billed any difference between the City's average incremental commodity cost for the month and the maximum daily commodity cost incurred for any Unauthorized Over-Run Volumes. The payment of a penalty for Unauthorized Over-Run volumes shall not under any circumstances be considered as giving any such Customer the right to take Unauthorized Over-Run volumes, nor shall such payment be considered as a substitute for any other remedies available to the City.

When requested by the City, the customer, or its agent, shall inform the City by 8:30 am (or other time prescribed by the City) of the working day prior to the day(s) the gas is to be consumed of the anticipated customer's usage. The Customer must also keep their usage to within 5% of their daily estimated volumes to maintain the integrity of the system.

In instances where the Customer uses more than 5% of their estimated volumes during OFO or other situations where the City has notified the customer to estimate daily volumes, the City at its option, may invoice the Customer for actual gas supply commodity costs plus penalties in lieu of the average incremental cost of gas supply for the current period for the volumes over 5% of the Customer's estimated daily volumes for the cost gas supply for that day.

LATE PAYMENT CHARGE

Unless bill is paid on or before ten (10) days after the due date as shown on bill, the account will be assessed late fees as outlined in the City's fee schedule.



Effective August 7, 2018
Replaces Incentives Effective 7/10/2010

NATURAL GAS INCENTIVES

Residential Incentives

Existing Customer Rebates

<u>Appliance</u>	<u>Rebate Amount</u>
Primary Heat	\$400.00 1 st furnace
	\$100.00 2 nd furnace
Dual Fuel Heat Pump*	\$200.00
Water Heater	\$200.00 1 st water heater
	\$100.00 2 nd water heater
Tankless Water Heater	\$150.00
Range	\$100.00
Dryer	\$100.00

New Customer Rebates and Incentives

<u>Appliance</u>	<u>Rebate Amount</u>	<u>Free Service Line Footage</u>
Primary Heat	\$400.00 1 st furnace	100'
	\$100.00 2 nd furnace	
Dual Fuel Heat Pump*	\$200.00	50'
Water Heater	\$200.00 1 st water heater	75'
	\$100.00 2 nd water heater	
Tankless Water Heater	\$150.00	75'
Range	\$100.00	25'
Dryer	\$100.00	50'
Logs	N/A	25'

Commercial and Industrial Incentives

Please contact the Director of Energy Services for commercial and/or industrial rebates.

**Qualifying dual fuel heat pumps must have at least a 15.00 Seasonal Energy Efficiency Ratio (SEER) rating.*