
**RATE SCHEDULE 1001-V
SPECIAL TERMS AND CONDITIONS
PURCHASED GAS ADJUSTMENT CLAUSE – VOLUNTARY FIXED PRICE (VFP)
PROGRAM**

Section 1--Definitions and General Provisions

1. Definitions

- a. "British Thermal Unit," or "Btu," means that quantity of heat that must be added to one avoirdupois pound of pure water to raise its temperature from 58.5 degrees Fahrenheit (58.5° F.) to 59.5 degrees Fahrenheit (59.5° F.) under standard pressure. The Btu heat content shall be computed on the basis of a temperature of 60 degrees Fahrenheit (60° F.) and a pressure of 14.73 psia as obtained by passing the gas through an accurately calibrated recording calorimeter, by a gas sample laboratory analysis using the mass spectrometer, or by other mutually acceptable means common to the industry.
- b. "Commission" shall mean or refer to the Corporation Commission of Oklahoma.
- c. "Company" shall mean or refer to Oklahoma Natural Gas Company.
- d. "Dekatherm" or "Dth" shall mean 1,000,000 Btus (1 MMBtu). This will be on a dry basis.
- e. "Plan Year" shall mean the fiscal year running from November 1 through October 31 inclusive of 12 months billing cycles for each customer subscribing to the Voluntary Fixed Price (VFP) Program.

2. Pressure Base:

For the purpose of calculations made hereunder, all volumes of gas and the Btu content thereof will be adjusted to a pressure base of the pounds per square inch absolute on which the Company's rates are established and in accordance with gas measurement procedures standard in

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the industry.

Section 2--Determination of Annual Fixed Price

The fixed price that customers will be charged for each dekatherm of gas in each month of the Plan Year shall be the sum of the following two components:

1. **Forward Priced Gas And Storage Gas Cost** – No later than August 15 of the current year, the Company will have forward priced the gas to be used for the VFP program for the upcoming plan year. The Company will use storage volumes injected in the months of April, May, and June just prior to the setting of the VFP price in early August of each year and establish a new WACOG for these volumes each month by removing the various reservation, demand and commodity charges that will be captured in the second component below. The combination of volumes and associated costs from storage injections in April, May, and June of the current year as well as the Forward Priced volumes and associated costs will be combined to determine the weighted average cost applicable to the entire Plan Year by dividing the total dollar amount to be paid for the two gas supply sources by the total volumes associated with that dollar amount. This per dekatherm charge will represent the commodity portion of the VFP rate.
2. **Commodity Related Charges** – A prorated portion of the other charges associated with the total general system supply will be determined and applied to the per dekatherm price detailed in Section @ Paragraph a (1). This will be determined by taking the known and estimated total annual reservation, storage, demand, and any other commodity related charges for the Plan Year and dividing by the total annual normalized volume to derive a per unit charge.

Section 3—Application of the Fixed Price Cost of Gas

- a. The applicable total cost of purchased gas as determined in Section 2 , shall be applied to each Dth (or fraction thereof) of gas delivered.

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- b. For customers receiving gas under rate schedules which provide for an adjustment for heat content, the applicable rate determined pursuant to paragraph (a) of this Section shall be applied to each Dth of gas billed after adjusting delivered volumes for heat content.
 - c. The cost of gas associated with the Plan Year will be calculated to the nearest one-tenth (0.1) of a cent for all customers who subscribe to the VFP Program.

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