

POWELL-CLINCH UTILITY DISTRICT
Rocky Top, Tennessee

SERVICE SCHEDULE 10

PURCHASED GAS ADJUSTMENT PROVISION FOR
RATES 10, 20, 30, AND 40

INTENT

This Purchased Gas Adjustment Provision is intended to apply to all FERC approved charges incurred in connection with the purchase, transportation and storage of gas purchased for general system supply. Sales rates of Powell-Clinch Utility District are adjusted on a monthly basis (either up or down) to reflect variations in the District's cost of purchased gas so as to assure that the District does not over-collect or under-collect gas costs from its customers.

ACTUAL COSTS OF GAS

Each month the District's total costs of purchasing natural gas are tabulated. All costs are classified as Demand, Commodity or Other gas related charges. Demand costs are deferred and collected based on the ratio of monthly normalized firm billing units to total average normalized firm billing units for the previous fiscal years. The Commodity and Other gas costs are divided by total gas purchased for the month. These calculations establish the current Commodity unit cost of gas and the Demand unit cost of gas for the District. Sales volumes and associated gas costs for any customer whose rates are not covered under this service schedule will be excluded from these gas cost calculations.

ANNUAL COST ADJUSTMENT

At the end of the fiscal year the accumulated deferred gas balance of the District for commodity and demand costs (positive or negative) will be divided by the District's total sales to customers whose rates are covered by this Service Schedule for the preceding twelve (12) month period. This calculation will produce an annual cost adjustment (ACA) that is applicable to and will be added to or subtracted from the commodity and demand sales rates, for all rates covered by this Service Schedule for the following twelve (12) month period.

All firm sales rates in the District (Rates 10, 20, and 30) are adjusted in the succeeding month by the sum of the Commodity and Demand unit costs.

Interruptible Rate 40 is adjusted in the succeeding month by the Commodity unit costs.

Effective: July 1, 2013