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**Second Revised Sheet No. 4** Penn-Jersey Pipe Line Co.: First Revised Volume No. 1  
Second Revised Sheet No. 4 : Effective  
Superseding: First Revised Sheet No. 4

RATE SCHEDULE T-1

TRANSPORTATION SERVICE

AVAILABILITY:

This rate schedule is available for the transportation of natural gas by Penn-Jersey Pipe Line Co. (Transporter) for the account of Elizabethtown Gas Company (Distributor) when Distributor has executed a service agreement with Transporter in the form provided herein.

APPLICABILITY AND CHARACTER OF SERVICE:

This rate schedule shall apply to all natural gas transported by Transporter for Distributor. Service under this rate schedule shall be firm and shall not be subject to curtailment or interruption except as provided in Section 6 of the General Terms and Conditions.

RATE:

In consideration for the transportation service provided hereunder, Distributor shall pay Transporter each month an amount equal to Transporter's cost of rendering such service, determined as follows:

- A. Reasonable and necessary gas operating and maintenance expenses for the billing month reflected in Accounts 850 through 870 inclusive, as described in the Federal Energy Regulatory Commission Uniform Systems of Accounts for Natural Gas Companies (hereinafter referred to as the "Uniform Systems of Accounts"); plus
- B. Reasonable and necessary Administrative and General Expenses for the billing month reflected in Accounts 920 through 935, inclusive, as described in the Uniform System of Accounts; plus

RATE SCHEDULE T-1

TRANSPORTATION SERVICE  
(continued)

- C. One-twelfth (1/12) of the annual depreciation expense computed by the application of an annual straight-line depreciation rate of 3-1/3% of the actual investment in gas plant in service at the first day of the billing month as reflected in Gas Plant Account 101; plus
- D. Accruals recorded for the billing month with respect to income and other taxes associated with natural gas operations and adjustments of accruals for tax expenses previously billed; plus
- E. Return at an annual rate of 6% computed for each monthly bill by the application of the monthly rate of 0.5% to the net investment rate base, determined by deducting from the actual original cost of gas plant in service reflected in the Gas Plant Account 101, and the balance in Account 110-Accumulated Provision for Depreciation, Depletion and Amortization of Gas Plant. This rate base shall be determined as of the date of initial operation and as of the first day of each succeeding calendar semi-annual period, provided that in the event a substantial addition to or a substantial retirement from Transporter's property is made between the dates for determination of the rate base, Transporter shall recompute the rate base in accordance with this paragraph E, effective the first day of the month following the date of commercial operation of such addition or retirement of such portion of Transporter's property; less
- F. Credits for gas revenues collected under other Rate Schedules.

