

UNRECOVERED GAS COST EXPENSE PROVISION

APPLICABILITY

The Unrecovered Gas Cost Expense (UGCE) Provision applies to all gas sales service schedules in this Nevada Gas Tariff. The UGCE specifies the procedures to be followed for recovering bad debt expense associated with gas costs.

TEST PERIOD

The test period shall be the 12 month recorded period used to establish the Deferred Energy Account Adjustment Rates in the Company's Annual Rate Adjustment filing, unless otherwise provided for by the Commission.

UGCE RATES

The UGCE rates are per therm charges or credits to recover bad debt expense associated with gas costs and recover or refund any UGCE deferrals. Separate UGCE rates will be maintained for the Company's Northern and Southern Nevada service areas. The Company shall update the UGCE rates in its Annual Rate Adjustment filing, unless otherwise provided for by the Commission. The UGCE adjustment rates will be determined in the following manner:

1. The UGCE Base Rate will be determined by dividing the 12 month test period net gas cost write-offs by the applicable test period sales volume.
2. The UGCE Adjustment Rate will be calculated by dividing the test period unrecovered gas cost expense deferral account ending balance by the applicable test period sales quantities.

<p>Issued: December 31, 2018</p> <p>Effective: January 1, 2019</p> <p>Advice Letter No.:</p>	<p>Issued by Justin Lee Brown Senior Vice President</p>	
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(Continued)

UGCE DEFERRALS

Entries shall be recorded to the Company's Northern and Southern Nevada UGCE balancing accounts each month as follows:

1. A debit (positive) will be recorded in a separate sub-account of FERC Account No. 182.3, with an offset to uncollectible accounts expense (904.0) equal to the actual month net write-off.
2. A credit (negative) will be recorded to Account No. 182.3, with an offset to other gas revenue (495.0), equal to the amount collected from customers during the month through the UGCE Base Rate and the UGCE Adjustment Rate.
3. A debit (positive) or credit (negative) will be recorded in the account equal to the previous months ending balance multiplied by a carrying charge rate of one-twelfth (1/12) of the overall rate of return most recently authorized by the Commission. The carrying charge rate must be applied to the entire balance in the account. Contra entries for carrying charges shall be made to FERC Account No. 419 (if the balance in the account is a debit balance) or FERC Account No. 431 (if the balance in the account is a credit balance).

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