

Gas Billing Credit

The *Gas Billing Credit Details* chart shown at right is a SAMPLE. Use it for EXAMPLE PURPOSES ONLY as all dates and figures do not represent an actual bill. Your total credit amount calculation has been checked and verified for accuracy. Your amount is based on two factors:

- How much natural gas you used from September 2006 through April 2007 as shown under the **usage** heading in units of one-hundred cubic feet.
- The rate for the additional charge that was included in the PGA for the purchase of the natural gas now in storage.

Your **credit amount** is shown on a month-by-month basis for the September-April billing time period. You can verify the amount of your credit by multiplying the usage times the rate. Your total credit amount is the sum of the individual monthly calculations.

Please note that the gas billing credit details will show only one rate for most customers. If your rate changed during the September-April billing period, it will be reflected on the table shown on your bill. For example, if you are a residential customer who was annexed from the county to the city, your bill will show two *Gas Billing Credits* (G1 & G3).

For residential customers, our Customer Care Center (544-6549) has advisors available until August 17 to help you with any unanswered questions regarding the Gas Billing Credit; they cannot change the amount of the credit shown on your bill but can answer questions concerning rates and how your credit was calculated. Please avoid our peak calling period by calling an advisor between the hours of 10 a.m. to 9 p.m. Monday through

Friday, or from 7 a.m. to 9 p.m. on Saturday and Sunday so that your waiting time can be kept to a minimum.

For commercial and industrial customers, please call (901) 528-4270 between 10 a.m. and 5 p.m., Monday through Friday only.

Gas Billing Credit Details

Reading Date	Srv#	Rate	Usage	Rate	Amount
5-Sep-2006	1	G3	5	-0.0952	-\$0.48
4-Oct-2006	1	G3	33	-0.0952	-\$3.14
2-Nov-2006	1	G3	98	-0.0952	-\$9.33
5-Dec-2006	1	G3	108	-0.0952	-\$10.28
G3 Gas Subtotal for Billing Credit			221		-\$23.23
Reading Date	Srv#	Rate	Usage	Rate	Amount
6-Jan-2007	1	G1	123	-0.0952	-\$11.71
6-Feb-2007	1	G1	130	-0.0952	-\$12.38
7-Mar-2007	1	G1	40	-0.0952	-\$3.81
5-Apr-2007	1	G1	51	-0.0952	-\$4.86
G1 Gas Subtotal for Billing Credit			344		-\$32.76
Srv #1 Subtotal			565		-\$55.99
Total Gas Billing Credit			565		-\$55.99



Customer Reference Number: 07/07



• SPECIAL REPORT •

Utility Bill Credit Adjustment for MLGW Natural Gas Customers

MLGW residential, commercial, and industrial customers who purchased natural gas from September 2006 through April 2007 will receive a billing credit. The credits will appear on customers' bills rendered between July 9, 2007 and August 6, 2007. The amount of credit will be unique to each customer and is based on the amount of gas consumed over the September 2006-April 2007 time period. The credit is a result of charges that were added to the Purchased Gas Adjustment (PGA) component of customer bills during that period in order to finance the purchase of natural gas inventories related to a new storage contract. *This financing method has been*

continued on inside

Credit Adjustment (continued from front)

discontinued, and customers are receiving a one-time credit adjustment to refund the amounts collected for this storage gas.

Why MLGW Buys Natural Gas During the Summer

MLGW buys some natural gas during the summer to put into storage for use in the upcoming winter. This is done, in part, to take advantage of summer prices which are typically lower than during high-demand winter months. These savings are passed along to customers when the gas is consumed.

Old Method of Financing Summer Gas Purchases Discontinued

For 2007, MLGW added additional storage capability to further take advantage of summer-to-winter price differentials and to enhance operational reliability. In order to fund the initial purchase of gas to put into this new storage, MLGW added a component as part of the Purchased Gas Adjustment (PGA) over the September 2006 through April 2007 period. The funds collected through this component from custom-

ers were intended to be used to buy gas over the summer months to put into storage for use in the upcoming winter. MLGW is discontinuing this method of financing for storage and will be crediting the funds collected back to customers.

New Method of Financing

MLGW will continue to purchase and store natural gas for our customers' convenience and savings, but we are discontinuing the old method of financing. Instead, MLGW will now borrow funds from a financial institution to purchase gas to be put into storage for use in the upcoming winter. When customers use the stored gas in the winter, they will be charged for it at that time. Funds collected from customers when they use the stored gas will be used by MLGW to pay back the loan. New loans will be taken out each year to purchase natural gas during the summer and retired every year as funds are received from the purchase of stored gas by customers.

How to Calculate Your Credit

If you purchased natural gas from MLGW anytime from September 2006 through April 2007, a credit will show on your accompanying bill. The

calculation of your credit has already been done and is shown on your enclosed bill under the section called Gas Billing Credit. Headings under the Gas Billing Credit section show the reading dates of your bill, the usage of natural gas for that billing month, the rate charged as part of the Purchased Gas Adjustment to pay for storage gas, and the amount of the credit. ***Multiply your usage by the rate to arrive at the amount of credit for the month. The total natural gas billing credit is at the bottom of the amount column and is credited to your current bill.***

You can check these calculations by looking at your old bills reflecting the September through April time period. ***Remember, the credit amount is based on the rate shown, multiplied by your individual usage. Since the total credit is based on your individual usage, it is highly unlikely that your credit amount will match that of any of your neighbors.*** People who have inactive accounts with appropriate forwarding addresses will receive special checks by mail.

Visit MLGW's Web site: www.mlgw.com