

GENERAL SERVICE PROVISIONS (continued)

26. PLANT RECOVERY ADJUSTMENT

I. PROVISION FOR ADJUSTMENT

The monthly Distribution Charges billed under the Company's Rate Schedule Nos. 1, 1A, 2, 2A, 3, 3A and 6 shall be subject to an adjustment which is called a Plant Recovery Adjustment (PRA).

II. APPLICATION

A. The PRA shall be applied monthly and comprised of: (a) a "current factor", as determined in III. A. below, and (b) a "reconciliation factor", as determined in III. B. below. The PRA charge shall be applied to the distribution charge on monthly bills effective with the billing month of October 2011.

B. The PRA shall be combined with the Distribution Charge as appropriate by designated rate schedule and applied to customer bills. The Company shall furnish Commission Staff sufficient work papers for the review and audit of the PRA.

III. COMPUTATION

A. Current Factor

The current factor, calculated to the nearest .01¢ per therm, shall be computed and filed annually by dividing the respective total amount allocated (as hereinafter defined) by the estimated total throughput for the applicable year customer class. The new factor will become effective each October 1.

The amount to be charged to each customer shall be determined as follows:

1. The amount to be recovered will include program expenditures incurred as of June 30 of each year.
2. The amount will include both a return of the expenditures as shown in III.A.1., and a return on the expenditures for the coming year. The return on component will become effective October 1, 2011 for amounts shown in III.A.1 and for unrecovered plant balances to be included in the following year's June 30th amounts.
3. The return of the expenditures will be computed using the depreciation rates of the applicable class of property approved in Formal Case No. 1054, or any subsequently approved depreciation rates.
4. The return on the expenditures will be calculated at the pre-tax cost of capital approved in Formal Case No. 1054, or subsequently approved in a general rate proceeding.
5. The total recovery amount including return of and on as described in Sections III.A.1. through A.4 above will be divided by estimated throughput for the twelve-month period beginning October 1 of each year to create the current factor.

ISSUED: June 21, 2011

Effective for service rendered on and after October 1, 2011

Roberta W. Sims - Vice President, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (continued)

26. PLANT RECOVERY ADJUSTMENT (Continued)

B. Reconciliation Factor

A reconciliation shall be computed annually by comparing actual collections with the calculated PRA amount and any applicable reconciling amount as filed. A reconciliation of actual return on the plant will be compared to the estimated return on plant. The calculated under-or-over collection shall be included in the PRA factor in the following year.

IV. FILING

The Company shall provide the Commission Staff a copy of the annual computation of the PRA factor and/or reconciliation factor at least fifteen days prior to its application each October 1st.

ISSUED: June 21, 2011

Effective for service rendered on and after October 1, 2011

Roberta W. Sims - Vice President, Regulatory Affairs & Energy Acquisition