

GENERAL SERVICE PROVISIONS (Continued)

22. DEMAND-SIDE MANAGEMENT SURCHARGE ADJUSTMENT

I. PROVISION FOR ADJUSTMENT

This provision shall be applicable to Rate Schedule No. 1, No. 1A, No. 2, No. 2A, No. 3 and No. 3A. Customers' bills shall include a surcharge for the recovery of all Commission-approved Demand-Side Management (DSM) program costs. The DSM surcharge factors will be determined for each rate schedule as described below.

II. APPLICATION

The DSM surcharge shall be comprised of: (a) a "current factor" which shall be effective during the billing months of January through December each year; and (b) a "reconciling factor" applicable to the previous twelve month determination period to be effective commencing with the January billing month, reconciling projected and actual program costs and revenues, and surcharge collections from customers, for the period ended the previous October.

ISSUED: September 27, 2002

EFFECTIVE: For meter readings on and after September 30, 2002

Adrian P. Chapman - Vice President, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (Continued)

22. DEMAND-SIDE MANAGEMENT SURCHARGE ADJUSTMENT (Continued)

II. APPLICATION (Continued)

C. The DSM surcharge, comprised of the sum of the "current factor" as determined in III.A.1.(b)(iv) and the "reconciliation factor" as determined in III.B., below, shall be applied to monthly bills beginning with the billing month of February 2009. The DSM surcharge factors shall be as follows:

<u>Rate Schedule</u>	<u>Current Factor</u>	<u>Recon- ciliation Factor</u>	<u>DSM Surcharge Net Factor</u>
No. 1 (Residential Service)	.04¢	(.02¢)	.02¢ per therm
No. 1A (Residential Delivery Service)	.04¢	(.02¢)	.02¢ per therm
No. 2 (Firm Commercial & Industrial Sales Service)	.00¢	.00¢	.00¢ per therm
No. 2A (Firm Commercial & Industrial Delivery Service)	.00¢	.00¢	.00¢ per therm
No. 3 (Firm Group Metered Apartment Sales Service)	.00¢	.00¢	.00¢ per therm
No. 3A (Firm Group Metered Apartment Delivery Service)	.00¢	.00¢	.00¢ per therm

D. The DSM surcharge shall be added to the Distribution Charge/Delivery Service Charge as appropriate and applied to customers' bills. The Company shall furnish Commission Staff sufficient workpapers for the review and audit of the DSM surcharge.

E. Nothing in this General Service Provision shall serve to prevent the Company's application for recovery of DSM program costs in base rates.

ISSUED: December 10, 2008

EFFECTIVE: For meter readings on and after January 29, 2009

Adrian P. Chapman - Vice President, Operations, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (Continued)

22. DEMAND-SIDE MANAGEMENT SURCHARGE ADJUSTMENT (Continued)

III. COMPUTATION

A. Current Factor

1. The current factor for the 12-month period beginning January each year shall be determined for Rate Schedules No. 1, No. 1A, No. 2, No. 2A, No. 3 and No. 3A by dividing the total amount allocated (as hereinafter defined) to each rate schedule for the 12-month period by the applicable estimated therm sales and delivery volumes.

The amount to be recovered is computed as described below:

- (a) Projected DSM program costs shall be based on historic DSM expenditures from the prior annual period November through October and include utility expenditures, incentive payments to customers, lost margins from program savings and those expenses and costs not elsewhere recovered in rates including, but not limited-to, incremental Company labor, labor-related expenses, consultants' and other vendors' fees and expenses, office supply and expense and other costs and expenses incurred in the implementation and operation of DSM programs. Revenues from customers for DSM products or services shall be offset against projected program costs.

Lost Margins are the monthly non-gas revenues not billed because of lost sales from approved conservation programs. Lost Margins are determined using current base rates by Rate Schedule. Lost Sales are from program impact evaluations and are not reflected in the test year level used in the Company's most recent base rate proceeding.

Lost Margins will be included in the surcharge on a prospective basis based on historic annual program participation levels. Reconciliation of Lost Margins is based upon actual program participation. Lost Margins are treated identically to other program costs for recovery contingent on satisfactorily meeting the Quarterly Earnings Test. Lost Margins will not be subject to future recovery in such case that the Quarterly Earnings Test is not satisfied.

ISSUED: September 27, 2002

EFFECTIVE: For meter readings on and after September 30, 2002

Adrian P. Chapman - Vice President, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (Continued)

22. DEMAND-SIDE MANAGEMENT SURCHARGE ADJUSTMENT (Continued)

III. COMPUTATION (Continued)

- (b) Costs shall be allocated between customer classes as follows:
- (i) Direct program costs shall be directly assigned to the proper customer class, i.e. residential, commercial and industrial, group metered apartments and interruptible and totaled to provide a ratio by class to be used to allocate other program costs between classes;
 - (ii) All other program costs, i.e. Company incremental labor, consultants' fees and expenses, etc., shall be allocated between classes based on the ratios as determined in III.A.1.(b)(I);
 - (iii) All program costs applicable to the interruptible class shall be allocated between firm classes based on estimated firm therm sales and delivery volumes for the previous applicable 12-month period; and
 - (iv) Such costs as determined in A.1.(b)(i), (ii) and (iii) shall be totaled by customer class and divided by the respective estimated therm sales and delivery volumes to develop the DSM surcharge current factor by customer class. The current factor shall be calculated to the nearest .01¢ per therm. Each computed DSM surcharge shall be adjusted for any taxes levied upon the Company which are based upon revenues by dividing the DSM surcharge by the complement of the tax rate on revenues.
- (c) The Company shall compute interest by customer-class on that portion of actual collections from customers which exceeds actual program costs. Such interest shall be computed as of the end of each month and compounded quarterly. Interest shall be computed at the most recent Commission-authorized rate of return on investment, adjusted for all applicable taxes and recorded in the DSM Recovery Account for crediting to customers.
- (d) Carrying costs shall be computed, by customer class, on the unrecovered balance of program costs, net of program revenues, as of the end of each month and compounded quarterly. For determination of carrying costs, program costs shall include any impact, plus or minus, of the tax effects of timing differences between book and tax treatment of program expenses, revenues, rate base, and customer surcharge collections. The carrying costs shall be computed utilizing the most recent Commission-authorized rate of return on investment, adjusted for all applicable taxes, and recorded in the DSM Recovery Account.

ISSUED: September 27, 2002

EFFECTIVE: For meter readings on and after September 30, 2002

Adrian P. Chapman - Vice President, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (Continued)

22. DEMAND-SIDE MANAGEMENT SURCHARGE ADJUSTMENT (Continued)

III. COMPUTATION (Continued)

(e) DSM program costs and revenues and customer surcharge collections, as well as related interest and carrying costs, shall be recorded in appropriate subaccounts of a Demand-Side Management Recovery Account.

B. Reconciliation Factor

A reconciliation of surcharge collections shall be determined by subtracting surcharge collections from actual program costs, net of program revenues, for the period ended October. The under-or-over collection shall be collected from or credited to customers over a twelve month period commencing January utilizing projected twelve month therm sales and deliveries for the applicable rate schedules in a manner identical to that utilized in the collection of the surcharge.

IV. FILING

The Company shall file with the Commission a copy of the computation of the DSM surcharge current factors and/or reconciliation factors at least ten days prior to application on customers' bills.

V. ADJUSTMENT

The Commission may direct the Company to adjust quarterly the DSM Surcharge factor(s) for the purpose of minimizing the level of any subsequent reconciliations. The Company shall furnish Staff sufficient data for its evaluations.

23. SERVICE INITIATION CHARGE

Whenever gas service is initiated at a location where gas has been turned off, a fee shall be charged as specified in Appendix A and shall be due and payable along with the customer's initial bill for usage at such location, except that no such fee shall be charged to builders or rental property managers requesting service rendered on a temporary basis where there has been no interruption in gas service. Whenever gas service is initiated at a location where gas has not been turned off, a fee shall be charged as specified in Appendix A and shall be due and payable along with the customer's initial bill for usage at such location.