

GENERAL SERVICE PROVISIONS (Continued)

20. FIRM CREDIT ADJUSTMENT

I. FIRM CREDIT ADJUSTMENT PROVISION

The monthly Distribution Charges billed under the Company's Rate Schedules Nos. 1, 1A, 2, 2A, 3, and 3A shall be subject to an adjustment which is called the Firm Credit Adjustment (FCA).

II. COMPUTATION

The Firm Credit Adjustment (FCA) factor shall be calculated annually based on a determination period twelve months ending August, to become effective commencing with December billing each year, to credit to firm customers revenue from Interruptible customers. The FCA factor shall be the net of a "current" factor and a "reconciliation" factor calculated to the nearest .01¢ per therm as follows:

A. The FCA "current" factor shall be determined as follows:

1. An annual fixed amount equal to \$4,867,367 as specified in the methodology approved in Case No. 8990;
2. less actual Interruptible Delivery Service revenues associated with customers and locations connected to the Maryland system subsequent to August 23, 1989 per the Investment Recovery Procedures included as Section III of this provision;
3. less any the gross receipts taxes applicable to the net revenues derived in II.A.1., II.A.2 and any other local taxes applicable to such revenues;

GENERAL SERVICE PROVISIONS (Continued)

20. FIRM CREDIT ADJUSTMENT (Continued)

II. COMPUTATION (Continued)

4. Margins on off-system interruptible sales are to be credited to firm ratepayers as follows:
 - (a) Margins from sales in which the Company has utilized incremental gas commodity and capacity resources are to be credited 50% to firm ratepayers. Margins shall include revenues less the incremental cost of gas commodity and capacity and any other directly related incremental expenses.
 - (b) Margins from sales in which the Company utilizes gas commodity or capacity resources previously obtained to serve firm sales customers are to be credited 80% to firm ratepayers. Margins include revenues less the incremental cost of gas commodity and any other directly related incremental expenses.

5. Margins on sales or deliveries to Mirant Mid-Atlantic, LLC are calculated as follows:
 - (a) revenues from sales to Mirant Mid-Atlantic, LLC;
 - (b) less any the cost of gas purchased assigned to Mirant Mid-Atlantic, LLC for such sales, adjusted for unaccounted-for gas;
 - (c) less operation and maintenance expenses, general taxes, property taxes, and income taxes attributable to sales or deliveries to Mirant Mid-Atlantic, LLC;
 - (d) less amortization of unrecovered incremental investment at 50% of the remaining margins until the incremental investment is fully recovered. Upon recovery of the incremental investment, 50% of the remaining margins will be retained up to the amount of \$773,505, reflecting the present value of the carrying costs on the prepaid deferred taxes related to the Mirant Mid-Atlantic, LLC investment; and thereafter,
 - (e) credit 90% of the margins calculated under (a)-(d) above to firm ratepayers; and

6. Margins from Interruptible customer contracts as approved by the Commission and not reflected elsewhere in II.A. shall be credited 92% to firm ratepayers.

ISSUED: September 1, 2005

EFFECTIVE: For meter readings on and after October 1, 2005

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

GENERAL SERVICE PROVISIONS (Continued)

20. FIRM CREDIT ADJUSTMENT (Continued)

II. COMPUTATION (Continued)

7. Effective with the April 2004 billing month, the FCA factor to be billed to all firm customers shall be adjusted to provide for the collection of estimated Residential Essential Service Pilot program credits to eligible customers as provided for in Rate Schedules Nos. 1 and 1A. Concurrent with the effective date of the Residential Essential Service Pilot Program Rider, the Company will contribute fifty percent of the first \$100,000 in program costs or up to a maximum of \$50,000 per year.
 8. Effective with the November 2004 billing month, the FCA factor shall be adjusted to provide for the collection of an amount equal to the product of the number of firm delivery customers' bills rendered each month times 50¢, and the monthly Maryland administrative fee, where applicable, representing the charges previously billed directly to third party gas suppliers to recover expenses related to billing.
 9. Divided by actual firm sales and deliveries and adjusted for gross receipts taxes
- B. A FCA reconciliation factor shall be calculated each year based on cumulative data for 12 months ended the billing month of September each year to adjust for any over or under crediting as follows:
1. Calculate the margin on interruptible deliveries, including deliveries to Mirant Mid-Atlantic, LLC, and Interruptible Delivery Service in accordance with II.A., plus or minus any under or over credited amounts from the prior year's application under II.B;
 2. calculate the sum of actual monthly credited amounts applied on firm customer bills, excluding gross receipts taxes and any other applicable local taxes;
 3. divide the difference between B.1 above and B.2 above by estimated Maryland firm therm sales and deliveries for the 12 months commencing the following December and adjust for gross receipts taxes; and
 4. the reconciliation factor determined in B.3 above shall become effective for 12 months commencing with the December billing month each year.
- C. The FCA factor for the current month shall be the net of the current factor calculated in II.A. above and the reconciliation factor calculated in II.B. above.

ISSUED: November 21, 2007

EFFECTIVE: For service rendered on and after November 27, 2007

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

GENERAL SERVICE PROVISIONS (Continued)

20. FIRM CREDIT ADJUSTMENT (Continued)

III. INVESTMENT RECOVERY PROCEDURES FOR INTERRUPTIBLE SALES

- A. Washington Gas Light Company (Company) shall maintain individual subsidiary records for all customers with a capital investment in excess of \$500,000. The records will show all incremental capital investments associated with the extension and installation of facilities to serve Interruptible Sales and Delivery Service customers connected subsequent to August 1, 1993. Such records shall be maintained until the final disposition of such investments. All investment costs related to interruptible customers below the \$500,000 limit would be combined on a fiscal year basis.
- B. These capital investments shall be amortized by applying net revenues received from the specific Interruptible Sales and Delivery Service customer, or from Interruptible Sales and Delivery Service customers being served through the facilities with which the investments are associated, against the unamortized investment balance.
- C. Net revenues are total revenues less:
 - 1. cost of gas purchased for such sale, adjusted for unaccounted-for gas and applicable taxes;
 - 2. a return on the unamortized capital investment equal to the Commission authorized rate of return, adjusted for applicable taxes; and,
 - 3. carrying costs on deferred income taxes.
- D. When a specific incremental capital investment is fully amortized, the Company shall be allowed to collect the present value of the carrying costs on the prepaid tax through the margins.
- E. The Company will be allowed to earn the authorized rate of return on the unamortized balance of capital investment for each customer and location, calculated as follows:
 - 1. On a monthly basis, the unamortized balance of each capital investment shall be multiplied by the current monthly authorized rate of return, adjusted for taxes, to determine the amount of return.

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)

20. FIRM CREDIT ADJUSTMENT (Continued)

III. INVESTMENT RECOVERY PROCEDURES FOR INTERRUPTIBLE SALES (Continued)

- F. So long as Interruptible Delivery Service is being provided to a customer or location, the capital investment subject to this amortization shall not be included in rate base. In the event that Interruptible Delivery Service is no longer provided to a customer or location prior to the complete amortization of the capital investment, the Company may petition the Commission for inclusion of the unamortized investment balance in rate base and other parties may support or oppose such petition. In the event a capital investment is made to serve firm and interruptible requirements, the Company may, in consultation with and subject to the agreement of Staff and OPC, allocate the portion of the capital investment applicable to interruptible requirements which shall be subject to amortization. If Staff, OPC and the Company cannot reach agreement, the Company may petition the Commission to determine the allocation of the capital investment applicable to interruptible requirements which shall be subject to amortization. In its next rate case application, the Company may seek Commission approval for inclusion in rate base of the portion of the capital investment applicable to firm requirements.
- G. The Company shall require minimum annual bills from Interruptible Sales and Delivery Service customers whenever the incremental capital investment to serve the customer exceeds \$200,000. The proceeds of such minimum bills, reduced by gross receipts taxes, shall be first applied to amortize the incremental capital investment to serve the interruptible sales and delivery customers.
- H. The Company may be permitted to apply margins from interruptible customers to offset the unamortized plant for three "non-performing" customers referenced in the Stipulation and Agreement in Case No. 8920. The unamortized plant will be recovered over a two year period through reduced credits in the FCA mechanism.

IV. FILING

The Company shall file with the Commission a copy of the computation of the FCA at least ten days prior to its application on firm customers' bills.

ISSUED: September 27, 2002

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

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