

GENERAL SERVICE PROVISIONS (Continued)

26. GAS SUPPLY REALIGNMENT ADJUSTMENT

I. GAS SUPPLY REALIGNMENT ADJUSTMENT PROVISION

The monthly Distribution Charges billed under the Company's Rate Schedule Nos. 1, 1A, 2, 2A, 3 and 3A shall be subject to an adjustment which is called the Gas Supply Realignment Adjustment (GSRA).

II. APPLICATION

- A. The Gas Supply Realignment Adjustment (GSRA) surcharge shall be comprised of: (a) a "current factor" which shall be effective during the billing months of December through November each year, and (b) a "reconciliation factor" applicable to the previous twelve month determination period, which reconciles the amount of realignment costs estimated and recovered through the GSRA surcharge with the actual GSRA costs incurred.
- B. The GSRA surcharge, comprised of the sum of the "current factor" as determined in III. A. 1 below and the "reconciliation factor" as determined in III. B. below, shall be applied to monthly bills beginning with the billing month of December, 1997.
- C. The GSRA surcharge shall be added to the Distribution Service Charges as appropriate by designated customer class and applied to customer bills. The Company shall furnish Commission Staff sufficient workpapers for the review and audit of the GSRA surcharge. The prudence of the costs in the GSRA surcharge may be reviewed in a subsequent PGC proceeding.

III. COMPUTATION

A. Current Factor

- 1. The current factor, calculated to the nearest .01¢ per therm, shall be computed and filed with Purchased Gas Charge (PGC) submittals for Rate Schedule Nos. 1 and 1A, i.e., "residential class", and Rate Schedule Nos. 2 and 2A, i.e., "commercial class", and 3 and 3A, i.e., "group metered apartment class", by dividing the respective total amount allocated (as hereinafter defined) by the applicable estimated therm sales and delivery volumes for the applicable rate schedules.

The amount to be recovered is computed as described below:

- (a) Projected GSRA costs shall be calculated by multiplying the Dths of pipeline capacity either assigned or opted for by suppliers on behalf of customers by class shifting from firm sales service rate schedules to firm delivery service rate schedules without utilizing capacity assignment under the Comprehensive Delivery Service Option and which the Company has elected not to retain for continued use by firm

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sales customers times the average embedded cost of capacity that the Company pays the pipeline, net of the revenues received through the sale of released capacity. In addition, other interstate pipeline demand charges, which previously had been recovered exclusively from firm sales customers, may be included in the total GSRA costs. Such capacity costs, if released for sales, are excluded from the calculation of the Purchased Gas Charge (PGC) as provided for in General Service Provision No. 16.

- (b) Such costs as determined in A.1. (a) above shall be divided by the estimated therm sales and delivery volumes by customer class to develop the GSRA current factor. The current factor shall be calculated to the nearest .01¢ per therm. Each computed GSRA surcharge shall be adjusted for any taxes levied upon the Company which are based upon revenues by dividing the GSRA surcharge by the complement of the tax rate on such revenues.
- (c) In addition, the calculated monthly GSRA factor may include any actual costs incurred by the Company (in excess of any security amount) related to a Supplier's participation in the Delivery Service Program, including, but not limited to a Supplier's default and/or exiting the Company's Delivery Service Program. The amounts included in the GSRA calculation for the respective rate schedules will match the proportion of the supplier's customers under contract at the time the cost was incurred. The Company will credit back to the GSRA any amounts subsequently recovered from the Supplier or its Guarantor up to a level that may have been previously collected through the GSRA charge.

B. Reconciliation Factor

A reconciliation of surcharge collections shall be determined by subtracting surcharge collections from actual gas supply realignment costs incurred for the twelve-month period ended August, consistent with the filing of the ACA. The under-or-over collection shall be collected from or credited to customers over a twelve month period commencing in December utilizing projected twelve month therm sales and deliveries for the applicable rate schedules in a manner identical to that used in the collection of the surcharge.

C. Residential Factor Allocation Cap

A monthly per therm GSRA "current" (see A. above) factor of \$.0073 will be the maximum rate charged to a sales service residential customer. Additional costs above this amount will be collected from residential delivery service customers not utilizing WG capacity only.

IV. FILING

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

An annual report will be filed on a confidential basis with the Commission Staff which summarizes GSRA activity for the twelve-month period ended August, consistent with the filing of the ACA.

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