

GENERAL SERVICE PROVISIONS (Continued)

32. CARE PLAN PERFORMANCE INCENTIVE (Continued)

- D. The annual recovered program costs to be considered in the calculation of the CARE Plan Performance Incentive will be determined by amortizing the recovered program costs in each year, pursuant to GSP No. 31, over a 14 year period.
- E. The natural gas savings are calculated for all programs included in the CARE Plan from the month of installation through the last year of the program's deemed operational lifetime.

Any natural gas savings assigned to the first and last year of an individual measure's operational lifetime will be pro-rated to adjust the savings in those years to the month in which the measure was implemented.

The impact of an individual measure will be determined by the annual measurement and verification report submitted by the Company in each of the initial three years of the CARE Plan. Measurement and verification will not be conducted after the initial three-year period, rather the measure impacts will be stipulated for all years beyond the initial three-year period.

33. PERFORMANCE-BASED RATE RECOVERY

- A. This provision shall be applicable to Rate Schedule Nos. 1, 1A, 2, 2A, 3, 3A, 4, 7, 8 and 10.

- 1. Customers receiving service under Rate Schedule Nos. 1, 1A, 2, 2A, 3, 3A, 4, 7, 8 and 10 shall have included in the item "All Applicable Riders" on customers' bills a charge resulting from the non-BTU portion of hexane recovery as part of the Performance Based Rate Plan (PBR Plan) Stipulation accepted by the Commission in Case No. PUE-2006-00059. The calculation to determine if a credit is appropriate shall be made each PBR year of the Company's PBR Plan. The Company may file an application with the Commission pursuant to 5 VAC 5-20-80 A to request Commission approval to recover the actual Virginia-jurisdictional amount of the non-Btu component of hexane expensed during that PBR period, in excess of \$400,000, and such recovery must be granted by the Commission before this portion of the Company's tariff will apply. Historical Virginia earnings shall be calculated consistent with the Earnings Test performed in accordance with the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings. The Return on Equity (ROE) for the PBR Plan Period will be compared to a 10.0% ROE as specified in the PBR Plan Stipulation and, if the Company's application is approved by the Commission, the Company will be allowed to recover a charge for the actual Virginia-jurisdictional amount of the non-BTU component of hexane costs during the PBR period in excess of \$400,000 up to an earned return of equity of 10%, based on the earnings test results accepted by the Commission for the relevant PBR Plan period. The applicability and derivation of such charge for the 2008-2009 PBR Plan period will be performed as follows:

ISSUED: August 26, 2011

For meter readings on and after August 26, 2011

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

GENERAL SERVICE PROVISIONS (Continued)

33. PERFORMANCE BASED RATE RECOVERY (Continued)

- a. The charge for the 2008-2009 PBR period will be expressed on a cents per therm basis and shall be comprised of (a) a current factor and (b) a reconciling factor. In no event shall a factor be employed unless the amount is equal to or greater than .01 cents per therm.
- b. The current factor shall be applicable if the historical ROE, calculated based on the results of an earnings test performed in accordance with the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings and accepted by the Commission, is less than 10%. The amount charged to customers will be limited to the actual amount of the non-BTU component of hexane costs in excess of \$400,000 required for the Company to achieve an ROE of 10% during the PBR period of the Company's PBR Plan.
- c. The current factor will be calculated by dividing the non-BTU hexane recovery amount as determined in A.1.b. by the projected total weather normalized throughput for the twelve month budget year.
- d. The reconciling factor will be calculated at the conclusion of the twelve month period in which the current factor was applied. The reconciling factor will be calculated by determining the difference between the actual amounts collected with the actual billed revenues. This amount will be divided by total weather normalized throughput for the subsequent twelve month period.
- e. The current factor and reconciliation factor will be reflected in billing months over a twelve month period.

ISSUED: December 15, 2010

For meter readings on and after December 28, 2010

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