

General Service Provisions (Continued)

21. RISK SHARING MECHANISM

A. Provision for Adjustment

The Distribution Charges set forth in the Company's Rate Schedule Nos. 1, 1A, 2, 2A, 3 and 3A shall be increased or decreased by an amount herein after described which is called the Risk Sharing Mechanism (RSM). The RSM will be included in the item "All Applicable Riders" on customers' bills.

B. Computation

The RSM factor shall be calculated annually to be effective with the first meter reading day of the December billing period each year to reflect a reduction to the firm Distribution Charges derived from gross margins on sales made under Rate Schedule Nos. 4 and 6 applicable to the RSM. The RSM factor shall be calculated to the nearest .01¢ per therm as follows:

1. The "current" RSM factor shall be based upon actual data for the twelve months ended August each year as follows:
 - a. The Company shall accumulate monthly the actual non-gas margins from sales to interruptible customers under Rate Schedule Nos. 4 and 6, that are in excess of delivery service rates reflected in Rate Schedule No. 7. Such excess margins for each customer shall be determined by subtracting from interruptible sales revenues (1) the actual cost of gas purchased for such sales (as adjusted for unaccounted-for gas), and (2) revenues for each customer calculated at rates set forth in Rate Schedule No. 7 (Interruptible Delivery Service);
 - b. Any such excess margins determined in B.1.a. above shall be aggregated for all interruptible customers served under Rate Schedule Nos. 4 and 6 each month and for the RSM determination period twelve months ended August each year;
 - c. The annual RSM determination period amount determined in B.1.b. above, if positive, shall be divided by the total estimated firm sales and firm delivery therms for the twelve months commencing December.

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2. An "adjustment" RSM factor shall also be calculated each year based on cumulative data for twelve months ended the billing month of August each year to adjust for any over or under crediting the previous year as follows:
 - a. Calculate the firm sales customers' share of the gross margins on sales made under Rate Schedule Nos. 4 and 6 applicable to the RSM for the twelve months ended August each year (See B.1.b. above) plus or minus any under or over credited amounts from the prior year's application under B.2.;
 - b. Calculate the sum of the actual amounts credited on firm sales customer bills;
 - c. divide the difference between 2.a. above and 2.b. above by the total of estimated firm sales and firm delivery therms;
 - d. the adjustment factor determined in 2.c. above shall become effective for twelve months commencing with the December billing month each year.
3. The RSM factor for the twelve month period commencing with the December billing month each year shall be the net of the current factor calculated in 1.c. above and the adjustment factor calculated in 2.c. above.

C. Filing

The Company shall file with the Division of Energy Regulation a copy of the computation of the RSM for review prior to the first meter reading of the December billing period each year, which shall be subject to Commission approval.

22. SERVICE INITIATION CHARGE

Whenever gas service is established at a new location or reestablished at a location presently serviced, a fee as specified in Appendix A under this provision shall be charged and shall be due and payable along with the customer's initial bill for usage at such location. This fee shall not apply to customers whose service has been temporarily discontinued at the customer's request (See CHARGE FOR TEMPORARY DISCONTINUANCE OF SERVICE under Rate Schedule Nos. 1, 1A, 2, 2A, 3 and 3A).