

General Service Provisions (Continued)

23. GAS SUPPLY REALIGNMENT ADJUSTMENT

A. 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). The GSRA will be included in the item "All Applicable Riders" on customers' bills.

B. APPLICATION

1. 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.
2. The GSRA surcharge, comprised of the sum of the "current factor" as determined in C. 1a. below and the "reconciliation factor" as determined in C. 2 below, shall be applied to monthly bills beginning with the billing month of December.
3. The GSRA surcharge shall be added to the Distribution and Delivery Service Charges, as appropriate, by designated customer class and applied to customers' bills. The Company shall furnish the Commission Staff sufficient workpapers for the review and audit of the GSRA surcharge.

C. COMPUTATION

1. Current Factor

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 ("the Residential class"), and Rate Schedule Nos. 2 and 2A ("the Commercial class"), and 3 and 3A ("the 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 Capacity Assignment and which the Company has elected

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not to retain for continued use by firm sales customers times the average embedded cost of capacity that the Company pays all of its pipelines, 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. Further, these costs recoverable under this General Service Provision are to include "Transition" costs, e. g., customer education and incremental costs necessitated by the provision of Delivery Services.

- b. Such costs as determined in 1.a. 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 revenues.

2. Reconciliation Factor

A reconciliation of surcharge collections shall be determined by subtracting surcharge collections from actual costs deemed recoverable as 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.

3. Residential Factor Allocation Cap

A monthly per therm GSRA "current" factor of \$.0082 will be the maximum rate charged to a residential firm sales service customer. Additional stranded capacity costs above this amount will be collected from residential delivery service customers not utilizing Washington Gas capacity.

D. 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.