

GENERAL SERVICE PROVISIONS (Continued)

31. CARE COST ADJUSTMENT (Continued)

III. COMPUTATION

A. Current Factor

The current factor, calculated to the nearest .01¢ per therm, shall be computed and filed annually, by dividing the respective total amount allocated (as hereinafter defined) by the estimated total firm throughput for the applicable period by firm rate schedule.

The amount to be charged or credited to each customer shall be determined as follows:

1. The annual program costs approved by the Commission in the Final Order in Case No. PUE-2009-00064 shall be divided by estimated firm annual throughput to calculate CCA factors for each participating customer class.
2. The calculated CCA factors will be included in the item "All Applicable Riders" on customers' bills each month throughout the annual period.

B. Reconciliation Factor

A reconciliation shall be computed at the conclusion of each annual period of the CARE plan by comparing actual collections of the CCA factor with actual expenditures for the energy and conservation programs. The calculated under-or-over collection shall be included in the CCA factor in the following annual period commencing June each year.

IV. FILING

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

32. CARE PLAN PERFORMANCE INCENTIVE

I. PROVISION FOR ADJUSTMENT

The CARE Plan Performance Incentive shall be recovered from customers served under the Company's Rate Schedule No. 1 pursuant to GSP No. 16 (B) (1.) (k).

II. APPLICATION

- A. At the end of each CARE Plan year in which conservation and energy efficiency programs are producing verifiable net economics benefits, the incentive will be equal to a percentage of the net verifiable economic benefits as prescribed below.

GENERAL SERVICE PROVISIONS (Continued)

32. CARE PLAN PERFORMANCE INCENTIVE (Continued)

III. COMPUTATION

- A. The CARE Plan Performance Incentive will be calculated annually by multiplying the target savings rate described in Section C. below by the sum of the net economic benefits described in Section B. below for each program.
- B. Net economic benefits will be calculated for the each CARE Plan year as the monetized energy benefits for the year minus a pro-rated share of CARE Plan program costs recovered through GSP No. 31 described in Section D below. Monetized energy benefits will be calculated by multiplying the total verifiable therm savings attributable to CARE Plan programs by the Company's weighted-average commodity cost of gas during the year of the incentive calculation.
- C. The target savings rate to be charged is a function of the savings attained through the administration of the Company's programs relative to the target level of savings as follows:
- No incentive will be earned for savings at less than 50 percent of the target.
  - A 5 percent incentive will be earned for savings at 50 percent to 59.9 percent of the target savings.
  - A 10 percent incentive will be earned for savings at 60 percent to 69.9 percent of the target savings
  - A 15 percent incentive will be earned for savings at 70 percent of target savings and above.

The usage reduction targets for calculating the CARE Plan Performance Incentive are based upon the savings obtained by all participants in the CARE Plan measured from the year of installation to the year of the current calculation as follows:

Year 1: 97,701 dth  
Year 2: 112,102 dth  
Year 3: 126,503 dth

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

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