

## ENERGY EFFICIENCY RIDER

### PROVISION FOR ADJUSTMENT

This provision shall be applicable to Rate Schedules RS - Residential Service, Rate RTS - Residential Transportation Service, Rate STS - Small Transportation Service and Rate GS - General Service. Base rates of applicable customer bills shall include a rider for the recovery of Energy Efficiency (EE) costs resulting from its Integrated Resource Planning (IRP) efforts. The rider shall be effective commencing with the first billing cycle in February, ~~2009~~2010.

### RATE

Rate per Mcf:                    ~~\$.0442~~\$.0165

### COMPUTATION

The current surcharge rate will be effective through the end of January, ~~2010~~2011. The current surcharge rate includes actual and estimated program costs through ~~December, 2009~~January 2011, less actual and estimated recoveries.

Surcharge rates will be calculated annually thereafter by dividing the balance of the IRP deferred account plus projected program costs for the succeeding twelve month period, by projected sales volumes for Rate Schedules RS, RTS, STS and GS.

Annual surcharge rates will be calculated subject to reconciliation to adjust for:

- (1) the under- or over-recovery of program costs compared to program recoveries accumulated in the IRP deferred account, and
- (2) any deferred IRP amounts not collected resulting from the suspension of the rider in accordance with the special provision section of this tariff and accumulated in the IRP deferred account.

The estimated program costs will include the following:

- (1) certain initial developmental costs such as the Company's pro-rate share of fees paid to provide consulting expertise to PSC Staff and People's Counsel, the Company's consultant, computer software and other non re-occurring program costs;
- (2) certain cost of developing, designing, implementing, and monitoring the IRP plan including, but not limited to, incremental company labor and labor-related expenses, data collection and analysis, legal fees and Commission approved pilot program costs;
- (3) the impact of the tax effects of timing differences, plus or minus, between book and tax treatment of program expenses, revenues, rate base, and customer surcharge collections; and
- (4) recovery or crediting of carrying costs, determined monthly based on the Company's current authorized rate of return on rate base, and compounded quarterly, on the unrecovered balance of the deferred account.
- (5) lost margins resulting from the monthly non-gas revenues not billed because of lost sales from approved conservation programs. Lost sales are estimated from program impact evaluations, if available, or other program estimates, and are not reflected in the test year level used in the Company's most recent base rate proceeding. Lost margins will be included in the surcharge on a prospective basis based on estimated monthly participation levels. Reconciliation of lost margins is based upon actual program participation.

The result of which shall be multiplied by a factor to reflect the Maryland gross receipts tax and the Public Service Commission and Office of People's Counsel assessment fees.