
RIDER EF – EXCESS FRANCHISE COMPENSATION ADJUSTMENT

APPLICABILITY

This Rider EF - Excess Franchise Compensation Adjustment pertains to adjustments that may be collected by the Company to recover additional or excess franchise costs that a Governmental Unit could impose on the Company from time to time. This adjustment shall be applicable to Customers taking service under the following Rate tariffs of this Gas Service Schedule, in a Governmental Unit area that has imposed additional or excess costs as specified below.

Residential – Rate GDS-1

* Non-Residential – Rate GDS-2, GDS-3, GDS-4, GDS-5, GDS-6, and GDS-7.

PURPOSE

The purpose of this adjustment is to recover franchise costs imposed upon the Company that are over and above the compensation normally paid by Company to similar Governmental Units. The Excess Franchise Compensation Adjustment will be recovered solely from those Customers taking service from the Company within the boundaries of each such Governmental Unit imposing such costs.

FRANCHISE COSTS

Franchise costs include franchise fees, paid to Governmental Units under franchise ordinances granted to the Company. To recover excess franchise costs imposed upon the Company by a Governmental Unit, the Company will increase the bills of those Customers taking service from the Company within the boundaries of each such Governmental Unit by the applicable adjustment.

CHARGES

The Company shall develop Excess Franchise Compensation Adjustments using two methods, the per Therm method and the per Customer method. The Governmental Unit will have the opportunity to determine and specify the adjustment that is appropriate for their community. The calculation for each method of adjustment is as follows:

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Per Therm Adjustment

The per Therm adjustment shall be calculated annually and charged on a per Therm delivered basis for all gas delivered to Customers located within the boundaries of the Governmental Unit each monthly Billing Period as shown in an informational filing. If the Company over or under recovers amounts under this adjustment, those amounts will be credited or charged to Customers, as applicable. The calculation used to determine the charge is shown below.

$$\text{TEF} = (\text{A/S}) \times 100$$

Where:

- TEF = Excess Franchise Compensation Adjustment per Therm: The amount in cents per Therm, rounded to the nearest 0.001¢, to be charged for each Therm delivered in any monthly Billing Period due to the excess franchise compensation.
- S = Sales: Estimated annual Therms subject to the Excess Franchise Compensation Adjustment to be billed to Customers within the boundaries of the Governmental Unit during the Billing Periods for which “TEF” is being determined.
- A = Excess Franchise Compensation Account: The annual amount of Excess Franchise Compensation costs adjusted for any over or under recoveries from a previous year.

Per Customer Adjustment

The per Customer adjustment shall be calculated annually and charged on a monthly, per Customer service point basis, for all Customers located within the boundaries of the Governmental Unit as shown in an informational filing. If the Company over or under recovers amounts under this adjustment, those amounts will be credited or charged to Customers, as applicable. The calculation used to determine the charge is shown below.

$$\text{CEF} = \text{A}/(\text{C} \times 12)$$

Where:

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- CEF = Excess Franchise Compensation Adjustment per Customer : The amount in dollars per Customer, rounded to the nearest 1¢, to be charged for each Customer in each monthly Billing Period due to the excess franchise compensation.
- C = Customers: Estimated Customer service points subject to the Excess Franchise Compensation Adjustment to be billed to Customers within the boundaries of the Governmental Unit during the monthly Billing Periods for which “CEF” is being determined.
- A = Excess Franchise Compensation Account: The annual amount of Excess Franchise Compensation costs adjusted for any over or under recoveries from a previous year.

TERMS AND CONDITIONS

The annual recovery period is the franchise year which begins on the effective date of the franchise or anniversary of the effective date.

On or before the 20th day of the month prior to effective date of the franchise or anniversary of the effective date, the Company shall file with the Commission an information filing specifying the Rider EF charges to be effective for service during the following franchise year. If the Company determined during the franchise year that it is appropriate to revise a Rider EF charge to better match revenues recovered under this Rider with actual costs incurred, the Company may, from time to time, calculate a revised Rider EF charge to become effective as of the beginning of any calendar month during the franchise year.

For the initial year of the franchise, there may be a situation where the acceptance date of the franchise is after the effective date of the franchise. If that occurs, the recovery period for the initial year shall consist of the months between the acceptance date and the anniversary of the effective date. At least ten (10) days prior to the date upon which the billings become subject to the Excess Franchise Compensation Adjustment, the Company shall file with the Commission an information filing specifying the Rider EF charges to be effective for service during the remainder of the franchise year.

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After the end of each franchise year, the Company shall reconcile the Company's actual costs with the amount recovered under this Rider for each Governmental Unit. The Company shall file with the Commission, by the 20th day of the second month following the franchise year, an informational filing reflecting adjustments to Rider EF charges to compensate for any reconciliation amounts over the remainder of the franchise year.

The Excess Franchise Compensation Adjustment charge currently applicable in each Governmental Unit shall be shown in an informational filing supplemental to this Rider.

For purposes of this adjustment, a Governmental Unit means any county, municipality, township, special district, or unit designated as a unit of local government by law and which exercises limited governmental powers or powers in respect to limited governmental subjects.