

GENERAL INFORMATION

25. REVENUE DECOUPLING MECHANISM ("RDM") ADJUSTMENT

Actual delivery revenues for certain customer classes are subject to reconciliation through an RDM Adjustment based on a revenue per customer ("RPC") methodology. Under the RPC methodology, Actual Delivery Revenue is compared, on an annual basis, with an annual Delivery Revenue Target equal to the product of the average number of customers and an annual RPC Target for each customer group subject to the RDM.

(A) Applicability

The RDM Adjustment is applicable to Service Classification Nos. 1, 2, and 6. For RDM purposes, these service classifications shall be assigned to service classification groups as follows:

Group A - Service Classification No. 1 and Service Classification No. 6 Rate Schedule IA customers.

Group B - Service Classification No. 2 and Service Classification No. 6 Rate Schedule IB and Rate Schedule II customers.

The RDM is not applicable to customers taking service under Riders B and C, and usage above the Baseline Billing Determinants for customers taking service under Rider E.

(B) Actual Delivery Revenue

Actual Delivery Revenue, determined for each customer group, will be calculated as the sum of billed and unbilled revenue derived from: a) delivery charges as defined in Service Classification Nos. 1 and 2; b) transportation charges as defined in Service Classification No. 6; and c) the Weather Normalization Adjustment as described in General Information Section 12.3. For the 12-month period ending October 31, 2018, Actual Delivery Revenue will also include revenues associated with the Temporary Surcharge as described in General Information Section 12.2(H) ("Temporary Surcharge"). Actual Delivery Revenues will not include revenues derived from the RDM Adjustment described below.

(C) Delivery Revenue Targets

RPC Targets are set for each 12-month periods beginning November 1 based on the respective period's total (billed and unbilled) delivery revenues (revenues associated with delivery charges as defined in Service Classification Nos. 1 and 2, revenues associated with transportation charges as defined in Service Classification No. 6, and revenues associated with the

GENERAL INFORMATION

25. REVENUE DECOUPLING MECHANISM ("RDM") ADJUSTMENT (Continued)

(C) Delivery Revenue Targets (Continued)

Temporary Surcharge) divided by the average number of customers for the period.

The RPC Targets for each customer group included in the RDM are listed below.

	<u>Group A</u>	<u>Group B</u>
Effective November 1, 2015	\$808.75	\$3,748.04
Effective November 1, 2016	\$901.96	\$4,089.66
Effective November 1, 2017	\$992.15	\$4,615.15

Should the Company not file for new base delivery rates to be effective within 15 days of November 1, 2018, the RPC targets for each customer group included in the RDM are listed below.

Effective November 1, 2018	\$934.23	\$4,166.07
----------------------------	----------	------------

At the conclusion of each 12-month period ending October 31, a Delivery Revenue Target for each customer group will be computed by multiplying the RPC Target by the actual average number of customers for the period.

Adjustments to the Delivery Revenue Targets may be necessary if new legislation or regulation results in a change in delivery revenues for some or all service classifications included in the RDM.

GENERAL INFORMATION

25. REVENUE DECOUPLING MECHANISM ("RDM") ADJUSTMENT (Continued)

(D) RDM Adjustment

Annual RDM Periods are the 12-month periods ending October 31 of each year. For each customer group subject to the RDM, the Company will, at the end of each Annual RDM Period, compare Actual Delivery Revenue to the Delivery Revenue Target. If the Actual Delivery Revenue exceeds the Delivery Revenue Target, the delivery revenue excess will be refunded to customers through a customer group-specific RDM Adjustment during the RDM Adjustment Recovery Period (as described below). Likewise, if the Actual Delivery Revenue is less than the Delivery Revenue Target, this delivery revenue shortfall will be recovered through a customer group-specific RDM Adjustment from customers during the RDM Adjustment Recovery Period. RDM Adjustment Recovery Periods are the 12-month periods ending November 30 of each year.

Beginning with the first month following the end of each Annual RDM Period, interest at the Commission's rate for other customer provided capital will be calculated each month on the average of the current and prior month's cumulative delivery revenue excess/shortfall (net of state and federal income tax benefits).

The Company will file a Statement of RDM Adjustments during the month following the end of each Annual RDM Period and no less than ten calendar days before December 1, the date on which the statement is proposed to be effective.

The customer group-specific RDM Adjustments will be determined on a cents per Ccf basis by dividing the total delivery revenue excess/shortfalls for the Annual RDM Period for each customer group by forecast Ccf deliveries of the associated customer group for the corresponding RDM Adjustment Recovery Period.

GENERAL INFORMATION

25. REVENUE DECOUPLING MECHANISM ("RDM") ADJUSTMENT (Continued)

(E) Interim RDM Adjustment

The Company will track delivery revenue excess/shortfalls on a monthly basis and may implement Interim RDM Adjustments at any time in order to minimize the annual RDM Adjustment. The procedures for the Interim RDM Adjustments will follow the same procedures for interim Gas Supply Charge adjustments. Revenues associated with Interim RDM Adjustments will be included in the annual RDM reconciliation.

(F) Partial Year RDM

If the Company files for new base rates to be effective on a date other than November 1 of any year beyond 2017, then for purposes of reconciling the RDM, Adjusted RPC Targets for the partial rate year will be determined as follows. Actual Delivery Revenues for each customer group for the months comprising the partial rate year period will be divided by the Actual Delivery Revenues (excluding any temporary surcharge revenues) for the twelve-month period ended in the same month as the partial rate year period. This creates a factor for each customer group that is multiplied by the RPC Target for the group to create an Adjusted RPC Target. For each customer group, the Adjusted RPC Target will then be multiplied by the average number of customers for the partial rate year to determine the Delivery Revenue Target for the partial rate year. For each customer group, Actual Delivery Revenue for the partial rate year will be compared with the partial rate year Delivery Revenue Target to determine the delivery revenue excess or shortfall to be refunded to or recovered from customers through the RDM Adjustment.