

GENERAL INFORMATION

15. RATE ADJUSTMENT MECHANISM ("RAM")

A. Applicable to all customers taking gas delivery service.

B. RAM Eligible Deferrals and Costs:

The RAM will contain two types of eligible deferrals and costs:

(1) Type 1 - Customer Bill Credits

The RAM will collect the customer bill credits provided to customers as a result of Covid-19 over a five-year period beginning July 1, 2021. The annual collection will be determined by dividing the total amount to be collected by the number of years remaining in the five-year period.

(2) Type 2 – Other RAM Eligible Deferrals and Costs

All RAM Eligible Deferrals and Costs shall be the difference between actual costs and the amounts provided for in base rates. RAM Eligible Deferrals and Costs shall include:

- (a) Property Taxes;
- (b) Gas Leak Prone Pipe Replacement; and
- (c) Reforming the Energy Vision ("REV") costs and fees which are not covered by other recovery mechanisms.

All RAM revenues and deferrals are subject to reconciliation.

C. Annual RAM Recovery / Return Limits:

- (1) The annual RAM recovery / return shall be limited to \$4.5 million for gas.
- (2) Type 1 – Customer bill credits will be collected annually beginning July 1, 2021 (over a five-year period).
- (3) Type 2 – Other RAM Eligible deferrals and costs will only be implemented once the limit is reached from netting the RAM Eligible Deferrals.
- (4) The limit will take into account the Type 1 Customer bill credits.

Any net RAM Eligible Deferral value in excess of the limit shall remain deferred and shall be carried forward to the calculation of the RAM limits in the following year. Any net regulatory asset or liability in excess of the Company's annual RAM recovery / return limit shall be carried forward to the calculation of the RAM in the following year.

D. Deferred Regulatory Asset and Liability Balances:

The Company shall measure the deferred regulatory asset and liability balances for the items specified as Type 2 – Other RAM Eligible Deferrals and Costs (listed above) as of December 31 for each year. The RAM shall be identified in the Company's respective RAM Compliance Filings submitted on March 31 of each year and shall be implemented in rates on July 1 of each year for collection over the 12 months from July 1 to June 30. The RAM Compliance Filings shall include proposed RAM rates by service classification. Annually, the Company shall submit RAM tariff statements effective on July 1.

E. RAM Annual Recovery / Return Allocation:

The gas RAM annual recovery / return amounts shall be allocated to service classifications based on the following:

(1) Type 1 - Customer Bill Credits

Shall be recovered from those service classes which were eligible to receive the customer bill credits. Specifically, residential classes will be charged for the recovery of the residential bill credits and applicable nonresidential service classes will be charged for the recovery of the nonresidential bill credits. The Company will not recover customer bill credits from service classes that are not eligible for the bill credits. Recovery will occur on a per therm basis.

(2) Type 2 – Other RAM Eligible Deferrals and Costs

Shall be allocated based on delivery service revenues and recovered from customers on a per therm basis.

GENERAL INFORMATION

15. RATE ADJUSTMENT MECHANISM ("RAM") (Cont'd)

F. Carrying Costs:

The Company shall accrue carrying costs on Type 1 – Customer Bill Credits based on the Commission's authorized Other Customer Capital Rate.

The Company shall accrue carrying costs on Type 2 – Other RAM Eligible Deferrals and costs as follows:

- (1) During the period that the RAM is in effect for those deferral balances being specifically collected or returned, carrying costs shall be based on the Commission's authorized Other Customer Capital Rate.
- (2) RAM Eligible Deferral Balances not in the RAM tariff due to the annual dollar amount restrictions set forth above shall accrue carrying charges as follows:
 - (a) Net Deferral amounts at or under the annual RAM recovery / return limits shall accrue carrying charges at the Other Customer Capital Rate;
 - (b) Additional deferral amounts over the annual RAM recovery / return limits, up to one year's worth of value, shall accrue carrying costs at the Other Customer Capital Rate; and
 - (c) Additional deferral amounts over the annual RAM recovery / return limits in Rule 15.F.(2)(a) and (2)(b) above, shall accrue carrying costs at the Company's respective Pre-Tax Weighted Cost of Capital, applied to the after-tax balance.

G. Filings and Statements:

- (1) A RAM Compliance Filing setting forth the RAM rates by Service Classification shall be filed with the Commission by March 31 on an annual basis.
- (2) A RAM Statement setting forth the RAM rates shall be filed with the Commission on not less 30 days' notice to be effective July 1. Such statement may be found at the end of this Schedule.

16. Uniform Business Practices – Distributed Energy Resource Providers

The rules applicable to DER Suppliers are contained in the Addendum, UBP-DERS, attached to this Schedule, which are incorporated herein.