

## 9. Demonstration and Trial Installations

The Company may, at its option, arrange for a trial of its gas service, under an agreement made or the applicable term of contract and specifying a trial period as short as practicable for the demonstration, with the right on the part of the Customer to terminate the same at the end of such period

If not so terminated by written notice given in advance by the Customer, the agreement remains in effect for the remainder of the contract term.

## 10. Billing in Event of Service Interruption

No adjustment in billing will be made by reason of failure or interruption of the supply of gas where such interruption is due to storm, lightning, fire, flood, drought, strike or any cause beyond the control of the Company, except interruptions caused by willful default or neglect on its part.

## 11. Unaccounted-For Gas Factor

The Company's estimated distribution system Unaccounted-For Gas Factor (UGF) is determined monthly using the total system sendout and total system billed volumes for the current month in the previous 5 years. Differences between the estimated and actual UGF are reconciled through Delivery Service customers imbalance calculations and through the sharing calculation under Rider 2 for BGE Gas Commodity Service customers. Details of the calculation of the UGF pursuant to this Rider are filed monthly with the Public Service Commission of Maryland. Those calculations are subject to review and adjustment arising out of the PSC's annual review of BGE's purchased gas costs and/or subject to review resulting from a Commission inquiry.

## 12. Gas Administrative Charge (GAC)

The Gas Administrative Charge recovers the following commodity related costs by either adding a calculated amount or applying a calculated percentage to the Gas Commodity Price(Rider 2): (A) Credit and Collection Expense, (B) Commodity Billing Charge, (C) Storage Inventory Carrying Costs, (D) Commodity Cash Working Capital, (E)Uncollectible Expense; and (F) PSC Assessment.

A. The Credit and Collection Expense component of the GAC is determined in the following manner:

1. Using test year data from the most recently approved base rate case, calculate the ratio of Gas Commodity Revenue to Total Gas Revenue from End Users.
2. Applying that ratio to Gas Credit and Collection Expense from the most recently approved base rate case, to determine the Credit and Collections Expense associated with the Gas Commodity.
3. The Credit and Collection Expense component of the GAC will be included in the Gas Commodity Price (Rider 2) by:
  - a) Truing up the dollar amount collected by comparing the annual dollar amount actually collected through the Gas Commodity Price (Rider 2)for Credit and Collection Expense associated with the Gas Commodity with the dollar amount calculated in A.2;
  - b) Adding the true-up amount calculated in A.3.a. to the Credit and Collections Expense associated with the Gas Commodity calculated in A.2.; and
  - c) Dividing A.3.b. by the estimated BGE sales quantities for the upcoming twelve-months ended October 31 to determine the rate to be added to the Gas Commodity Price(Rider 2).

- B. The Commodity Billing Charge component of the GAC is determined in the following manner:
1. Estimating the upcoming year's Commodity Billing Charge by multiplying the number of bills expected to be rendered to BGE Gas Commodity Service customers for the upcoming twelve months by the rate charged to suppliers for using BGE's bill.
  2. The Commodity Billing Charge will be included in the Gas Commodity Price (Rider 2) by:
    - a. Calculating the annual dollar amount that should have been collected for Billing by multiplying the actual number of bills rendered to BGE Gas Commodity Service customers by the rate charged to suppliers for using BGE's bill;
    - b. Truing up the dollar amount collected by comparing the annual dollar amount actually collected through the Gas Commodity Price (Rider 2) for the Gas Commodity Billing Charge component with the dollar amount calculated in B.2.a.;
    - c. Adding the true-up amount calculated in B.2.b. to the upcoming year's Gas Commodity Billing Charge component calculated in B.1; and
    - d. Dividing B.2.c. by the BGE estimated sales quantities for the upcoming twelve-months ended October 31 to determine the rate to be added to the Gas Commodity Price (Rider 2).
- C. The Storage Inventory Carrying Costs component of the GAC is determined in the following manner:
1. Multiplying BGE's rate of return, grossed up for income taxes, from the most recently approved base rate case by the average of the actual interstate pipeline natural gas storage inventory balances for the most recent twelve-months ended July 31.
  2. The Storage Inventory Carrying Costs true-up will be added to the Gas Commodity Price by:
    - a. Truing up the dollar amount collected by comparing the annual dollar amount actually collected through the Gas Commodity Price for the Storage Inventory Carrying Costs component with the dollar amount calculated in C.1;
    - b. Adding the true-up amount calculated in C.2.a. to the upcoming year's Storage Inventory Carrying Costs component calculated in C.1; and
    - c. Dividing C.2.b. by the BGE estimated sales quantities for the upcoming twelve-months ended October 31 to determine the rate to be added to the Gas Commodity Price.
- D. The Commodity Cash Working Capital component of the GAC is determined in the following manner:
1. Multiplying BGE's rate of return, grossed up for income taxes, from the most recently approved base rate case by the cash working capital associated with gas purchased for resale expense. The cash working capital associated with gas purchased for resale expense is computed by dividing the gas purchased for resale expense for the most recent twelve-months ended July 31 by 365 and multiplying this quotient by the number of gas purchased fuel lag days from the lead/lag study in the most recently approved base rate case.
  2. The Commodity Cash Working Capital true-up will be added to the Gas Commodity Price by:
    - a. Truing up the dollar amount collected by comparing the annual dollar amount actually collected through the Gas Commodity Price for the Commodity Cash Working Capital component with the dollar amount calculated in D.1;
    - b. Adding the true-up amount calculated in D.2.a. to the upcoming year's Commodity Cash Working Capital component calculated in D.1; and

- c. Dividing D.2.b. by the BGE estimated sales quantities for the upcoming twelve-months ended October 31 to determine the rate to be added to the Gas Commodity Price (Rider 2).
- E. The Uncollectible Expense component of the GAC is determined, in the following manner:
  1. Using test year data from the most recently approved base rate case calculate the ratio of Gas Commodity Revenue to Total Gas Revenue from End Users.
  2. Applying that ratio to Gas Uncollectible Expense from the most recently approved base rate case to determine the Uncollectible Expense associated with the Gas Commodity.
  3. Calculating the Gas Uncollectible Expense Gross-Up Rate by dividing the Uncollectible Expense Associated with the Gas Commodity by the total Gas Commodity Revenues.
  4. Applying the Gas Uncollectible Expense Gross-Up Rate calculated in C.3 to the sum of the Gas Commodity Price (Rider 2) and the amounts calculated in A.3.c, B.2.d., C.2.c., and D.2.c.
  5. There is no true-up for this component.
- F. The PSC Assessment component of the GAC is determined in the following manner:
  1. Adding the components of this Rider to the Gas Commodity Price (Rider 2).
    - a. Credit and Collection Expense as calculated in A;
    - b. Commodity Billing Charge as calculated in B;
    - c. Storage Inventory Carrying Costs as calculated in C;
    - d. Commodity Cash Working Capital as calculated in D; and
    - e. Uncollectible Expense as calculated in E.
  2. Grossing up the sum determined in F.1. by the PSC Assessment rate in effect the month the Gas Commodity Price (Rider 2) is filed.
  3. There is no true-up for this component.
- G. Revenues associated with the GAC adder, using test year data from the most recently approved base rate case, are excluded from the Rider 8 – Monthly Rate Adjustment target base revenues, subject to an adjustment to reflect the difference between the rate charged to suppliers for using BGE’s bill and the revenues reflected in test year data from the most recently approved base rate case.
- H. BGE will file the calculation of the Gas Administrative Charge by October 1 of each year with the revised rates be added to the Rider 2 Gas Commodity Price with November billings, pending Commission approval. In addition, the GAC charges shall be updated following the issuance of a final order in any general gas base rate proceeding to reflect the approved test year amounts for the various cost and revenue items necessary to calculate the GAC components as well as to reflect the allocations between rate classes based on the cost of service study used by BGE to set rates. BGE shall submit its revised GAC calculation no later than the first day of the second month after final Commission approval so that the GAC charges can be applied to the monthly Gas Commodity Price no later than the first day of the third calendar month after issuance of a final Commission order in the general gas base rate proceeding. For those components with true-up mechanisms, the actual amounts to true-up will be based on the components that were applied to each monthly Gas Commodity Price.

### 13. Reserved for future use