

## Rider 14. Economic Development

Upon application by the Customer and approval by the Company, qualifying Customers are eligible to receive certain incentives to start a new business or expand an existing business within the BGE service territory. Discounts may not be provided where a customer merely changes names or service locations. Based on whether or not the Customer is located in an Enterprise Zone, requirements and incentives will vary. Enterprise Zone requirements and incentives only apply to qualifying Customers who are located in a state-designated Enterprise Zone and are certified as eligible for state-provided Enterprise Zone benefits by the local enterprise zone administrator.

### Requirements

Location	Review Panel Certification	Minimum New Employment	Retail Establishments Eligible?	Minimum Qualifying Load
Non-Enterprise Zone	Yes	10 full-time equivalents	No	90,000 therms/year
Enterprise Zone	Yes	1 full-time equivalent	Yes	None

Certification by a review panel is required for all businesses regardless of location and will consist of three representatives; one each from BGE, Maryland's Department of Business and Economic Development, and the local economic development agency in the area affected by the new business. The offering of incentives under this Rider must be agreed to by all three representatives. In order to meet the requirements of this Rider, Enterprise Zone businesses are to increase employment by a minimum of 1 full time equivalent persons and Non- Enterprise Zone businesses are to increase employment by a minimum of 10 full time equivalent persons. The Customer must certify on an annual basis that they continue to meet the requirements of this Rider. Upon application to this Rider, the customer must note eligibility for other energy efficiency and clean power related incentives provided by the State of Maryland. In Non-Enterprise Zones, retail establishments are not eligible, unless the Review Panel determines that such price reductions are necessary to accomplish the purposes of this Rider. A retail establishment is defined as an establishment which sells goods or services to ultimate users, and not for purpose of resale or business use. Qualifying Load (QL) is new or incremental load in excess of historic energy use. Upon application, the Company will also inform the applicant of available EmPower Maryland program offerings.



**Rider 14. Economic Development (continued)****Incentives**

Location	Rate Reductions	Discount Length	Extension Charge Discount
Non-Enterprise Zone	25%	3 years	None
Enterprise Zone	25%	5 years	75%

Price reductions are applied only to the Customer Charge, Delivery Service Charge (exclusive of all riders), and Demand Charge (if applicable). Price reductions will not be applied to any other charges, taxes, etc. Only the Qualifying Load is eligible for these price reductions. The combined total price reductions for all Customers under this Rider are limited to \$2 million per calendar year. New applicants are not eligible for these price reductions in years where this limit is exceeded.

For Enterprise Zone customers the Company will provide a 75% discount to the extension charge requirements set forth in Section 8 of this tariff. The Customer's contribution is subject to gross-up for taxes. For each Customer, the discount is limited up to a maximum of \$2.5 million per signed contract where the total amount of extension charge price reductions granted in a calendar year under this Rider does not exceed \$5 million.

Failure to meet the requirements of the Rider will result in termination of ongoing price reductions and extension charge discounts and may require the Customer to reimburse Company for any price reductions and extension charge discounts previously granted. The Company will report to Commission Staff on the use of this Rider annually by September 1<sup>st</sup> of each year.

**Rider 15. Reserved For Future Use****16. STRIDE (Strategic Infrastructure Development and Enhancement) Surcharge**

The Strategic Infrastructure Development and Enhancement ("STRIDE") surcharge recovers certain expenditures related to the execution of the Company's STRIDE plan, which addresses accelerated natural gas infrastructure replacements, as approved during Case No.9331, Order No. 86147 or during future compliance filings. The Company will file a gas base rate case within five years of the implementation of its Commission-approved STRIDE plan.

*Calculation of Charge*

The STRIDE surcharge is calculated annually for a 12-month period (or for the remainder of the calendar year when a new surcharge becomes effective after January 1) for residential (Schedule D and Grantors-of-Rights-of-Way customers), Schedule C, Schedule IS, and Schedule ISS customers by first allocating the revenue requirement (which is based on Eligible Costs as defined below) based on the proportion of base distribution revenues that these customers bear in the Company's most recently approved gas base rate case.

The revenue requirement, plus any true-up amounts as determined below, is then divided by the forecasted number of bills for residential and non-residential customers for the prospective billing period, yielding a separate monthly STRIDE surcharge on a per customer basis for residential, Schedule C customers, Schedule IS and Schedule ISS customers. The STRIDE surcharge is subject to a maximum monthly charge of \$2.00 per month for residential customers. For Schedule C customers the maximum

monthly charge is \$10.30; for Schedule IS customers the maximum monthly charge is \$951.12; for Schedule ISS customers the maximum monthly charge is \$158.78. The maximum monthly charge is capped based on the proportion of total non-residential base distribution per customer revenues to total residential base distribution per customer revenues, as determined in the most recently approved base rate case, multiplied by the \$2.00 residential monthly cap.

#### *Eligible Costs*

The revenue requirement for the STRIDE surcharge is based on eligible costs as defined in the STRIDE legislation, incurred by the Company associated solely with its STRIDE plan, and as approved by the Commission each year. They include the following categories:

- a) Depreciation and amortization,
- b) Earnings on the net investment as determined by applying the Company's most recent gas authorized rate of return, adjusted for taxes and bad debt expense, to the average investment balance net of deferred taxes, and
- c) Property and other applicable taxes.

#### *True-up*

An annual true-up will be conducted to include:

For each STRIDE surcharge, the Imbalance is the difference between the actual revenue requirement and the actual revenues collected through the STRIDE surcharges. The Imbalance will include the most current actual data available at the time of filing. The Imbalance is debited or credited against the costs eligible for recovery during the 12-month rate effective period. During its disposition, an Imbalance accrues a return at the Company's most recent Gas authorized rate of return. Such rate is adjusted for taxes, when the Imbalance represents an under-collection of costs to the Company.

#### *Future Rate Proceedings*

Upon a Commission Order in a gas distribution rate proceeding that occurs while the STRIDE plan is in effect, the STRIDE surcharges will be reset due to the following:

- a) The revenue requirement associated with the STRIDE surcharge will be reduced to remove the investments reflected in the new base rates,
- b) The revenue requirement for STRIDE costs that are not included in the new base rates is updated to reflect the new rate of return approved in the new rate case,
- c) The percentages used to allocate the STRIDE revenue requirement to residential and non-residential customers are updated to reflect the new base distribution revenues authorized, and
- d) The Schedule C, IS and ISS caps are reset by calculating the new base distribution per customer revenues as a proportion to the new residential base distribution per customer revenues, and then multiplied by the \$2.00 residential monthly cap.