RIDERS

1. Gas Efficiency Charge

Rates for service under the Company's rate schedules are subject to the Charge to recover Eligible Costs (hereinafter defined) applicable to that rate schedule incurred by the Company for conservation program design and for specific conservation programs approved for inclusion in the Charge by the Commission. The Charge is calculated for a 12-month cost recovery period beginning January 1 of each year, using the procedures described below.

Calculation of Efficiency Charge

The Charge for the 12-month period beginning January 1 of each year is determined for each rate schedule by dividing Eligible Costs expected to be allocated to the schedule for the 12-month period by the therm sales expected for that rate schedule over the 12-month period. Subject to prior Commission approval, the Charge may be revised at any time to include additional conservation programs or to otherwise adjust for significant changes in Eligible Costs. Details concerning the calculation of the Charge are filed with and approved by the Commission prior to their use in billing.

The current Charge is as follows:

Rate Schedule	Rate ($ per therm)
D	0.0471

Eligible Costs

Total costs eligible for recovery in a 12-month Charge period are the program design costs and the implementation costs of programs approved by the Commission incurred from the following cost categories:

(1) *Program Costs*. The regulatory asset includes program design costs, and implementation costs such as customer education, marketing, rebates and buy-downs, capital, measurement and verification (M&V) and evaluation for approved conservation programs. The regulatory asset is amortized over five years and earns a return at the rate of the Company's most recent authorized Gas System rate of return. Certain program costs, specifically behavioral program costs and utility administrative costs, are expensed and will also be recovered.

(2) *Imbalances.* For each rate schedule, Imbalances are the differences between cumulative costs eligible for recovery and revenues collected through the Charge as of December 31 of each year. The estimated Imbalance includes 9 months of actual and 3 months of estimated data. An Imbalance is debited or credited against the costs eligible for recovery during the 12-months beginning January 1. During its disposition, an Imbalance earns interest at the rate of the Company's most recent authorized Gas System rate of return. Such rate is adjusted for taxes, when the Imbalance represents an under-collection of costs to the Company.

Cost Allocation

The allocation of total Eligible Costs among the rate schedules participating in specific programs is performed by cost category, as follows:

(1) *Program Costs.* The allocation of Program Costs is by a 2-step procedure.

Step 1: Costs will be allocated to specific programs as follows:

A) Direct Program Costs will be assigned to specific programs.

B) Common Costs will be allocated to each program in proportion to the directly assigned Program Costs noted in (A) above.

Step 2: All costs within each program (Direct and Common) will be directly assigned, as appropriate, to specific participating rate schedules and will be totaled to provide a ratio used to allocate the remaining Program Costs among the rate schedules.

(2) *Imbalances.* Eligible Costs are assigned directly to the rate schedule of origination.